The Cashfac EMEA Operational Cash Index

September 2015

East & Partners Pty Ltd
Level 13, 2 Park Street Sydney NSW 2000 Australia
phone: +61-2-9004 7848 fax: +61-2-9004 7070
www.east.com.au
ABN: 23 151 025 599

East & Partners Research Reference Usage Policy

East & Partners Pty Ltd (East) name and published materials are subject to copyright protection, regardless of source. To use the "East" name, take excerpts of East research or quote East analysts, a usage request must be submitted in writing to East for approval. Such approval is at the discretion of East. East reserves the right of refusal.

To protect our reputation for objectivity, we require the appropriate use of our company name and research. The East name, intellectual property, trademarks, or logo may only be used commercially in connection with advertising, sales materials or other commercial efforts with East's explicit approval for each instance of use. This policy defines the criteria that will be used to issue that approval.

- All requested quotes, data references, or excerpts from East & Partners research for external use by clients or non-clients must be pre-approved by East in writing before publication.
- All East research and intellectual property is subject to this Usage Policy. This applies to all contexts where East's name appears such as advertising, marketing materials, annual reports, bank statements, media releases, newsletters, presentations and speeches.
- Any references to East research must be clearly and fully sourced to the original analysis report or source document.
- Reasonable use of East research for internal purposes within client organisations is allowed and does not require pre-approval. All copyrighted material should be clearly marked "For internal use only" and be fully and accurately sourced to East.
- Quotes, references to East research and excerpts from East Research Notes, media releases and other materials must refer to the most recent report wherever possible and be no older than 12 months old. Any references to East research must be produced in the correct context.
- East research may not be used to endorse a vendor, product, service, or to criticise a vendor's competitor. No company-specific excerpts are permitted as they may imply endorsement within the context of vendor materials.
- Subscribing clients must not reproduce the results of rival providers for external marketing purposes, nor appear to denigrate competitors externally based on East research.
- Requests for unpublished research are unable to be processed until all subscribing clients have received the full report.
- East's name may not appear in the title or sub-title of media releases, newsletters or subject line of an email. Custom quotes (e.g. quotes that East has provided to a client for external marketing purposes) may not appear any earlier than the second paragraph of media releases.

Violations

Should a requestor fail to comply with this policy, East reserves the right to impose quote bans of varying durations, including a ban on all use of the East name. For repeat or persistent violators, such ban will be for a minimum period of (3) months. In addition, East may seek additional remedies available under contract, copyright and other applicable law.

About Cashfac Technologies

Cashfac Technologies is a global leader in Cash Management solutions for financial institutions, corporates and public sector organisations.

Cashfac delivers transparency, control and compliance to the cash management lifecycle, enabling clients to strengthen the management and processing of their own money or their clients' money. Cashfac's solutions are available direct from Cashfac and through Banks who place Cashfac's technology at the heart of their corporate cash management services.

About the Operational Cash Index

There are benefits to be gained from improving transparency of Cash across multi-bank relationships and having access to flexible tools and processes which allow corporates to maximise the value of the cash in their business.

For innovative Banks in the region there's a major opportunity to steal a lead and offer a next generation of multi-bank, cash management services to their corporate clients.

Contents

Introduction 1

Methodology 3

Key Market Insights 5

Corporate Transactional Banking – Complex Relationships 5

Corporate Views of their Cash – the Reality 5

The Risk of Poor Line of Sight to Corporate Cash 5

Control and Command 6

Corporate Satisfaction with Current Bank Provided Cash Management Platforms 6

Satisfaction with Specific Cash Management Functionality 7

Outcomes for Corporates in EMEA 8

Index Results 9

List of Tables

Methodology

A Geographical Distribution 3

B Interviewee Distribution 3

C Industry Sector Distribution 3

D Average Turnover of Index Sample 3

E Structure of Index Sample 4

Index Results

1 Regional Banking Relationships 9

2 Banks Understanding of Business and Industry 11

3 Real Time Visible Balances and Cash Flow 13

4 Business Risk Impact Rating 15

5 Real Time Visible Operating Cash (All Currencies) 17

6 Banking Transactions Control Ratings 19

7 Cash Management and Bank Effectiveness Ratings – Total Market 21

8 Cash Management and Bank Effectiveness Ratings – United Kingdom 23

9 Cash Management and Bank Effectiveness Ratings – Western Europe 25

10 Cash Management and Bank Effectiveness Ratings – Africa / Middle East 27

11 Customer Satisfaction – Multi-Banking Solutions 29

List of Figures

Index Results

1 Regional Banking Relationships 10

2 Banks Understanding of Business & Industry 12

3 Real Time Visible Balances and Cash Flow 14

4 Business Risk Impact Rating 16

5 Real Time Visible Operating Cash (All Currencies) 18

6 Banking Transactions Control Ratings 20

7 Cash Management and Bank Effectiveness Ratings – Total Market 22

8 Cash Management and Bank Effectiveness Ratings – United Kingdom 24

9 Cash Management and Bank Effectiveness Ratings – Western Europe 26

10 Cash Management and Bank Effectiveness Ratings – Africa / Middle East 28

11 Customer Satisfaction – Multi-Banking Solutions 30

Introduction

Corporates' growing ability to harmonise investment, risk management and cash forecasting strategies have increased demands on treasurers, who must make greater strategic contributions to the company while managing cash ever more efficiently. Innovative solutions from banks and providers have helped in these tasks, but poor implementation of solutions can limit resulting benefits and are struggling to keep up with escalating demands from corporate treasurers – particularly when the interface between a company's Enterprise Resource Planning (ERP) systems and its relationship bank is weak.

The corporate cash management market is fiercely competitive. Added to the basic functionalities of bank accounting, cash and liquidity management, reporting, and risk management, providers often offer extras such as free accounting, tax, payments and banking, and other services. Many organisations operate a multi-solution environment in attempting to achieve holistic visibility.

These dynamics are summarised in the following picture of evolving corporate needs:

The Cash Management Focus

Historical needs…	Evolving demands…
Achieving optimal account structure	Self Service, Customer Managed Accounts
Optimising payment types and greater control over receipts	Automated intelligent 'end-to-end' allocation, matching and exception management
Data acquisition for Reconciliation	Optimise Returns, Predict the Future
Liquidity Management	Real Time Visibility, Role based Analytics, Intelligent Decisioning with 'Calls' to Action
	Regulatory control & industry relevant processes
	Rich User Experience, User Relevant with Multi-Channel access
	Seamless data exchange between internal ERP system and bank channel

Source: Cashfac Technologies

The Cashfac EMEA Operational Cash Index, researched by East & Partners, examines the issues of managing multi-banking systems and cash visibility challenges faced by large corporate treasuries across EMEA.

This inaugural index delivers a unique snapshot of the current, real state of play for the treasuries of major organisations in EMEA, setting a benchmark in time which can be revisited for future iterations of the Index.

Methodology

TABLE A
Geographical Distribution
% of Total

	Aug 2015 (N: 350)
United Kingdom	23.1
Sweden / Denmark	9.4
Germany	22.9
Netherlands	9.7
Spain	5.7
France	6.0
Italy	6.0
Africa	8.6
Middle East	8.6
TOTAL	100.0

All interviews were conducted on a direct basis either in person or over a telephone with the key personnel holding primary responsibility for the organisations finances, using a structured interview questionnaire, which is listed under Appendix I.

TABLE B
Interviewee Distribution
% of Total

	Aug 2015 (N: 350)
CFO	43.1
Corporate Treasurer	55.7
Finance Director	0.9
Other	0.3
TOTAL	100.0

TABLE C
Industry Sector Distribution
% of Total

	Aug 2015 (N: 350)
NBFIs	26.9
Resources	22.3
Property Management	11.1
Legal & Business Services	7.7
Manufacturing	6.6
Wholesale / Retail	6.3
Construction & Contracting	6.6
Transport & Storage	6.3
Other	6.3
TOTAL	100.0

Note: banks specifically excluded from the Finance & Insurance sector coverage

TABLE D
Average Turnover of Index Sample
US$ Billion

	Aug 2015 (N: 350)
Median turnover reported	2.23
Range	1.96 - 2.45
1st Standard Deviation	0.24

Note: Negligible variance by territory or industry sector

TABLE E

Structure of Index Sample

% of Total

	Aug 2015 (N:350)
MNC	25.1
Regional Corporate	46.9
Domestic Corporate	28.0
TOTAL	100.0

The index successfully secured participation from 350 of the Top 1,000 revenue ranked corporates in Europe, the Middle East and Africa (EMEA) over summer 2015; 23 percent of which were UK-based companies, 23 percent German, 9 percent Scandinavian, 27 percent in other key Eurozone economies and just over 8.5 percent each in both the Middle East and Africa.

Nearly 56 percent of survey respondents were corporate treasurers, 43 percent CFOs and the remainder finance directors or other financial functions responsible for the enterprise's cash management.

Of the companies contributing insights, more than a quarter were non-bank financial institutions including insurers. The remainder came from corporates within various sectors, with resources companies being particularly well-represented. Annual turnover of respondent companies ranged from just below US$2.00 billion to US$2.45 billion, with an average of US$2.23 billion equivalent currency.

Key Market Insights

Corporate Transactional Banking – Complex Relationships

The median number of transaction banking relationships held by EMEA corporates is just over 11, within a range from 6.4 and 17.4. This is a large set of relationships to both manage and ensure cross relationship visibility of cash positions and forecasts. It is over twice the number of transactional/cash management relationships held by equivalent/peer corporates based in Asia Pacific and represents a complex management challenge for treasury functions. Notably there is negligible variance in the number of transactional services relationships based on geography – this picture of complexity is common across EMEA.

Transaction bank understanding of EMEA corporates' business and the industries they work in clearly needs to be improved. Using a reversed 1 (strong understanding) to 5 (weak understanding) point scale, UK corporates rate their banks at an average of 2.44. West European companies are less impressed with their relationship performance experience, averaging 2.69 while Africa/Middle East companies rated their cash banks a poor 2.86; overall an average across all EMEA corporates of 2.66.

Corporate Views of their Cash – the Reality

The ability of treasury functions within EMEA corporates to secure a real time, consolidated view of balances and transactions across all their banks and forecast cash flow in real time is low. Only 9.1 percent of UK corporates have a 360 degree, real time view of their cash balances, with only 8.3 percent being able to forecast cash flow in real time. The respective outcomes for corporates based in:

- Western Europe are 7.7 percent and 5.7 percent.
- And a very low 4.0 percent and 2.3 percent for Africa/Middle East corporates.

These contrast starkly with a substantially higher 34.9 percent of corporates having cash balance see-through in Asia Pacific, as reported in the Cashfac Asia Pacific Operational Cash Index.

The Risk of Poor Line of Sight to Corporate Cash

Asked to evaluate the risk impact on their business of not having real time transaction reporting and cash flow forecasting abilities, EMEA corporates recognise a serious contingent risk which we see as likely being under-stated.

"Many interviewees appeared hesitant and reluctant to rate this accurately and required serious probing to do so; this is doubtless a result of their known inability to have clear line of sight to the organisation's whole of enterprise cash positions and being somewhat wary of confirming this", according to East & Partners' Head Market Analyst, Martin Smith.

Using a reversed 1-5 scale, with a score of 1 indicating high risk impact and 5 reflecting low risk impact, the average ratings of UK corporates is 3.43, that for Western European corporates 2.97 and for Africa/Middle East treasuries 3.22, giving an overall EMEA average of 3.22. CFOs and Treasurers in the region clearly recognise that significant risk exists for the organisation in their not having accurate cross border, cross bank, real time cash management in place.

This presents a powerful need for treasurers to lower this contingent risk for the organisation. It is also an issue highlighted in the original pilot work done in the design of the Cashfac EMEA Index earlier in the year, where cash management related risk was identified as a material concern held by treasurers and CFOs, resulting in its incorporation within the Index.

Control and Command

This contingent risk concern amongst UK corporates is further reinforced with a modest average of 62.9 percent of their total operating cash in all currencies being visible in real time. The position for Western Europe and Africa/Middle East peers is considerably worse, with only 44.3 percent and 24.5 percent of all cash being viewable in real time respectively. This overall EMEA average real time cash view of 45.2 percent, compares with 54.8 percent of all domestic and cross-currency cash for Asia Pacific corporate peers.

UK corporates report having more control over their transactions across time zones and multiple banks relative to their EMEA peers. Based on a 1-5 rating scale where 1 represents a high degree of control and 5 a low degree, UK corporates report an average rating of 2.70, Western European enterprises 3.08 and Africa/Middle East corporates 3.13. None of these benchmarks are particularly positive.

"Based on this research, the contingent organisational risk for treasurers with poor line of real time sight on their operational cash is rapidly being recognised", says Smith.

There are, also, major variances depending on the degree of real time cash visibility corporates report, with all three markets confirming a considerably greater degree of control over their transactions where they have more of a real time view of their cash positions. This also represents a major message for the Index to take to market – the better the CFO/Treasurer's view of their cash, the more control they have over the business' financing, financial management and risk mitigation.

Scores for EMEA corporates as a group totalled 2.30 for those with a real time view and 3.18 for those without – a telling gap.

Corporate Satisfaction with Current Bank Provided Cash Management Platforms

EMEA corporates have been asked firstly, to rate the importance of nine different factors influencing effective cash management using a reversed scoring scale where 1 represents high importance and 5 low importance nine different cash management factors; secondly corporates have been asked to rate their level of satisfaction with the performance of their current cash management partners in maximising the performance of each of these to their business.

These nine factors ranked in decreasing level of importance are:

- cash flow forecasting (highest score of 1.80)
- analysing receivables
- efficient management of working capital
- maximising returns from cash
- timeliness of cash position reporting
- effective management and fusion of bank feeds with REP data
- reporting analytics and transaction tags
- preventing fraudulent activity in cash management
- the need for the business to have an internal treasury function (scoring lowest at 2.24)

Essentially corporates rate all nine factors as above averagely important influencers over the effectiveness of their cash management with, anecdotally, receivables, being seen as a particular pain point for corporates relative to the payments side of their ledger. Not so, however, in terms of satisfaction with current performance, where results are at best mixed and, in reality, poor.

Highest rated satisfaction is reported in preventing fraudulent activity in cash management (scoring 2.14); lowest rated, at 2.74, is maximising returns from cash.

There are important differences in these benchmarks between corporates in each of the three regions.

Efficient management of working capital is the most important priority for UK companies, but ranks among the lowest for satisfaction levels. Interestingly, preventing fraudulent activity in cash management is last of the nine priorities, while greatest dissatisfaction currently comes from maximising returns from cash.

For Western European corporates, accuracy of cash flow forecasting ranks as the most important priority, slightly ahead of maximising returns from cash, although as with UK corporates, the latter produces the greatest level of dissatisfaction. By contrast with the UK, companies in the Middle East and Africa cite the prevention of fraudulent activity in cash management as their top priority, but share the same dissatisfaction as their UK/Western Europe peers with maximising returns from cash.

Satisfaction with Specific Cash Management Functionality

EMEA based corporates have also rated their satisfaction with the functionality of six specific multi-banking solutions provided by their primary transaction bank, again using a reversed 1 to 5 rating scale, where 1 is satisfied to 5 is dissatisfied. Here also, companies across each of the three regions appear relatively dissatisfied with the functionality of their current cash management solutions – UK companies being moderately happier than their Western Europe and Africa/Middle East peers.

Ranked in order of highest to lowest satisfaction, these ratings show:

- the set-up process, on-boarding and account opening (scoring equally at 2.45)
- the ease of scaling-up/upgrading for regional coverage
- suitability of solutions to meet the company's specific industry needs
- the ability to track intraday positions against limits
- the ability to adapt to the company's workflow and authorisation mandate structure
- degree of integration with the company's payments and collections system (scoring at 2.76)

"There are clearly serious implications for providers here as expectations held by treasurers in EMEA continue to grow; these forces are putting continuing pressure on providers to innovate with cash management solutions that actually talk to the corporate's business and industry", according to East's Smith.

Outcomes for Corporates in EMEA

These Index outcomes deliver a wealth of back-to-market, peer based benchmarks to help EMEA corporate CFOs and Treasurers:

- Improve the performance of their platforms in delivering real time views of their cash positions and forecast these out.
- Reduce the contingent risk to the organisation of not being able to do so.
- Deal with and manage the complexity of holding high numbers of bank relationships.
- Map solutions and platforms to the lack of customer industry understanding corporates experience in solutions currently being provided by their cash management banks.
- Reinforce the benefits that corporates with real time views of cash versus those that don't, deliver to their:
    - transactional control
    - improved working capital efficiency
    - accuracy of cash flow forecasting
    - scaling up regional coverage

A host of benefits critical to ensuring prosperity in uncertain times from Cashfac.

Index Results

How Many Banking Relationships do you have across your regional operations?

- Before the 2006 global financial crisis, many corporates were persuaded that reducing the number of banking relationships to a few key banks was a good policy to pursue.
- The crisis appears to have changed this thinking, with corporates across EMEA holding 11 banking relationships on average and some as many as 17.
- As the impact of the Basel III capital adequacy regime deepens, more companies could well be persuaded against 'putting all their eggs in one basket' and add to the number of bank relationships they have, rather than reducing them.
- This number of transactional services relationships is also driving huge complexity for treasurers at the account level, with these typically running into hundreds of transaction accounts held globally.

TABLE 1
Regional Banking Relationships
Average No. of Banks Reported

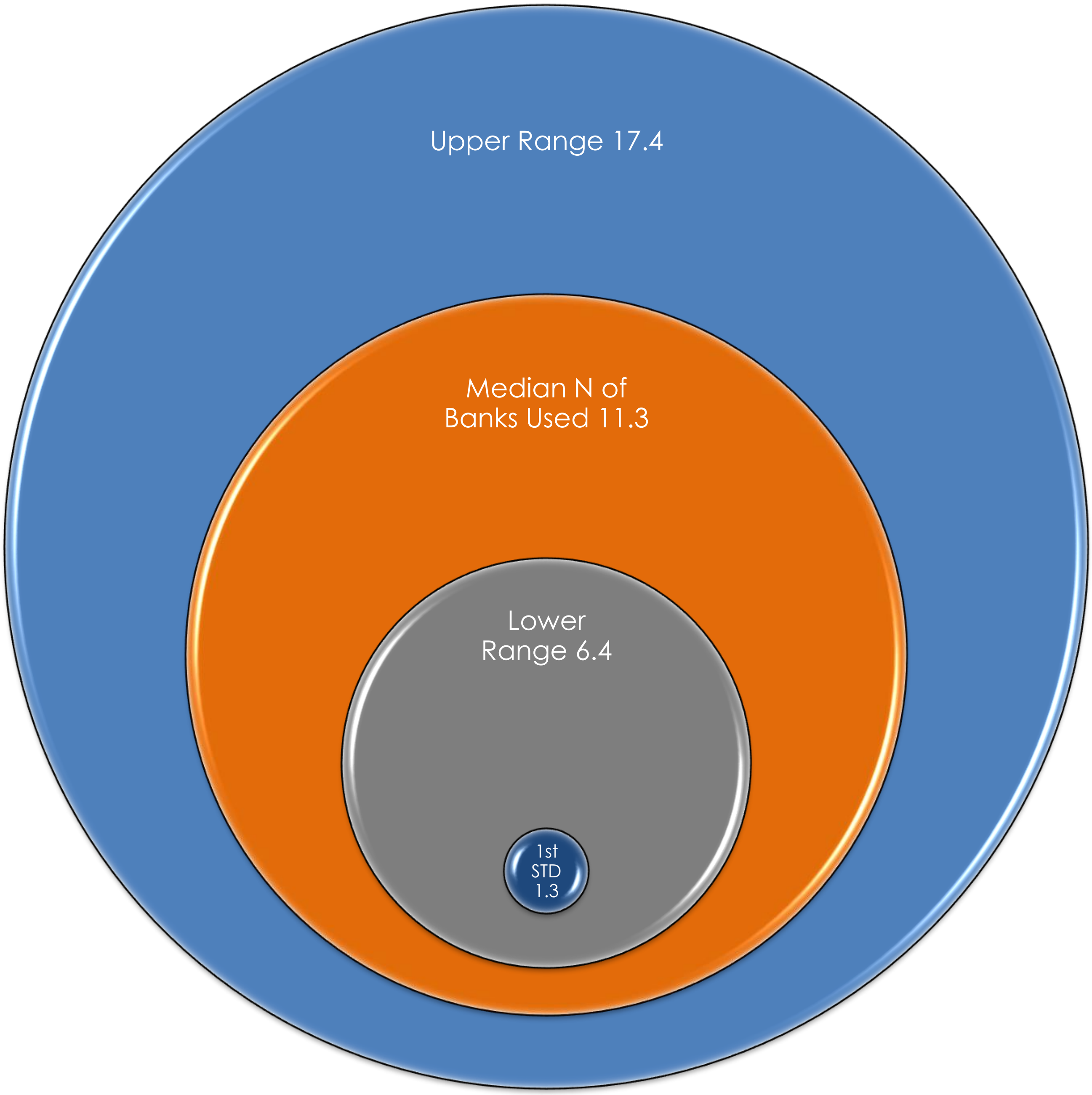
(N: 350)	Aug 2015
Median number of banking relationships	11.3
Range	6.4 - 17.4
1st Standard Deviation	1.3

Note: Negligible variance by territory or industry sector

FIGURE 1

Regional Banking Relationships

Number of Transactions Banks used by EMEA Corporates



How do you rate your transaction banks' understanding of your business and the industry you work in? (Please rate on a 1 to 5 scale, where 1 = high degree of understanding, 5 = low degree of understanding)

- These outcomes show a moderate level of satisfaction among banks' corporate clients in all three regions, with UK companies slightly more assured than their Western Europe and Africa/Middle East peers, that banks have some understanding of their business and industry.

- Treasurers, however, have been very clear – these ratings are not good enough and their expectations around their transactional services providers delivering real understanding of their business and industry will only continue to escalate.

- The complexity of current cash management relationships held by corporates is, of course, a natural barrier to meeting these expectations; barriers which treasurers are actively seeking solutions for which provide integration and simplification across their transactional networks.

TABLE 2

Banks Understanding of Business and Industry

Average Rating Reported

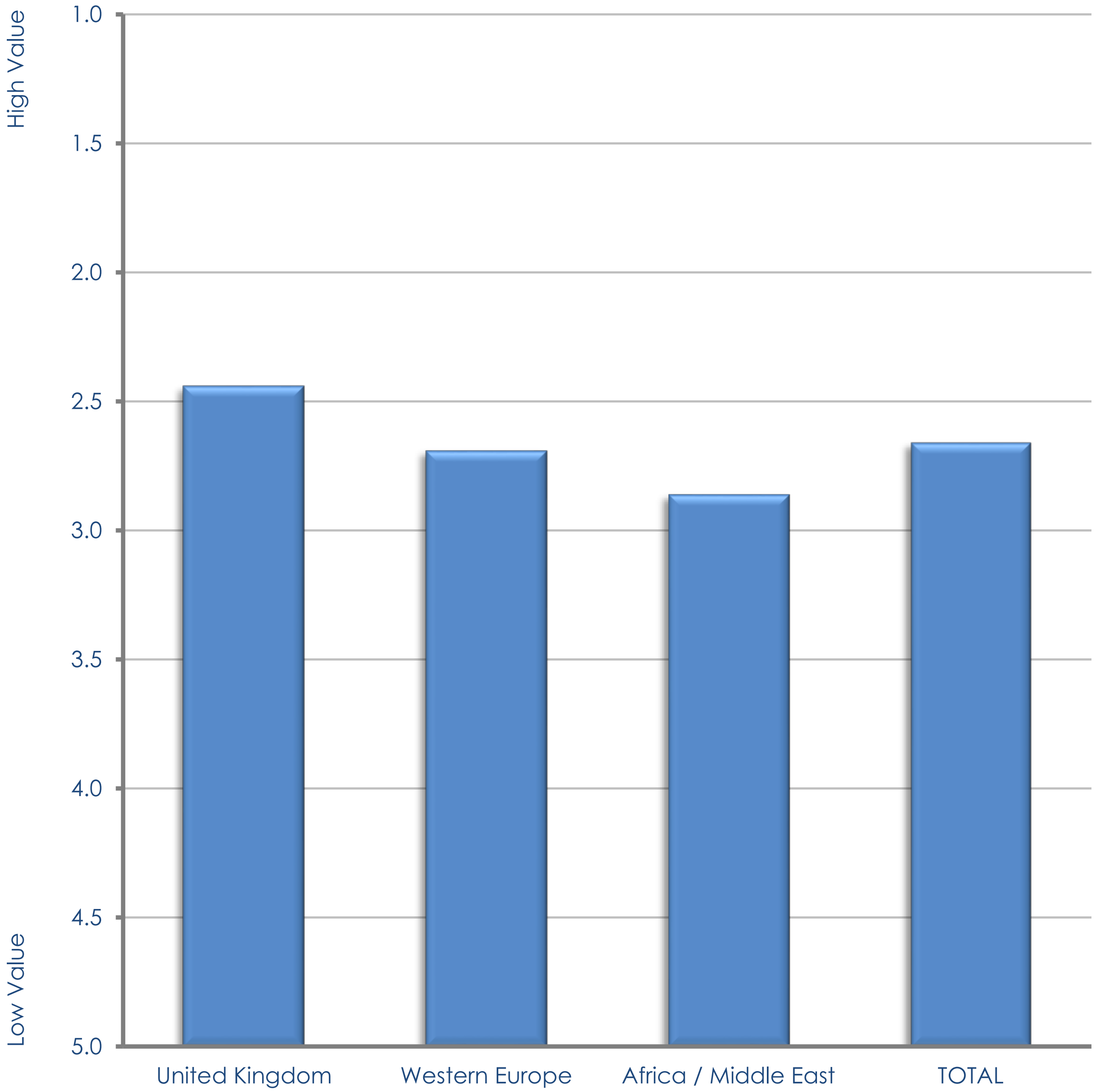
(N: 350)	1 ——— 2 —— 3 —— 4 ——— 5 (high value) (low value)
United Kingdom	2.44
Western Europe	2.69
Africa / Middle East	2.86
TOTAL	2.66

Note: No variance based on industry sector

FIGURE 2

Banks Understanding of Business and Industry

Average Rating Reported



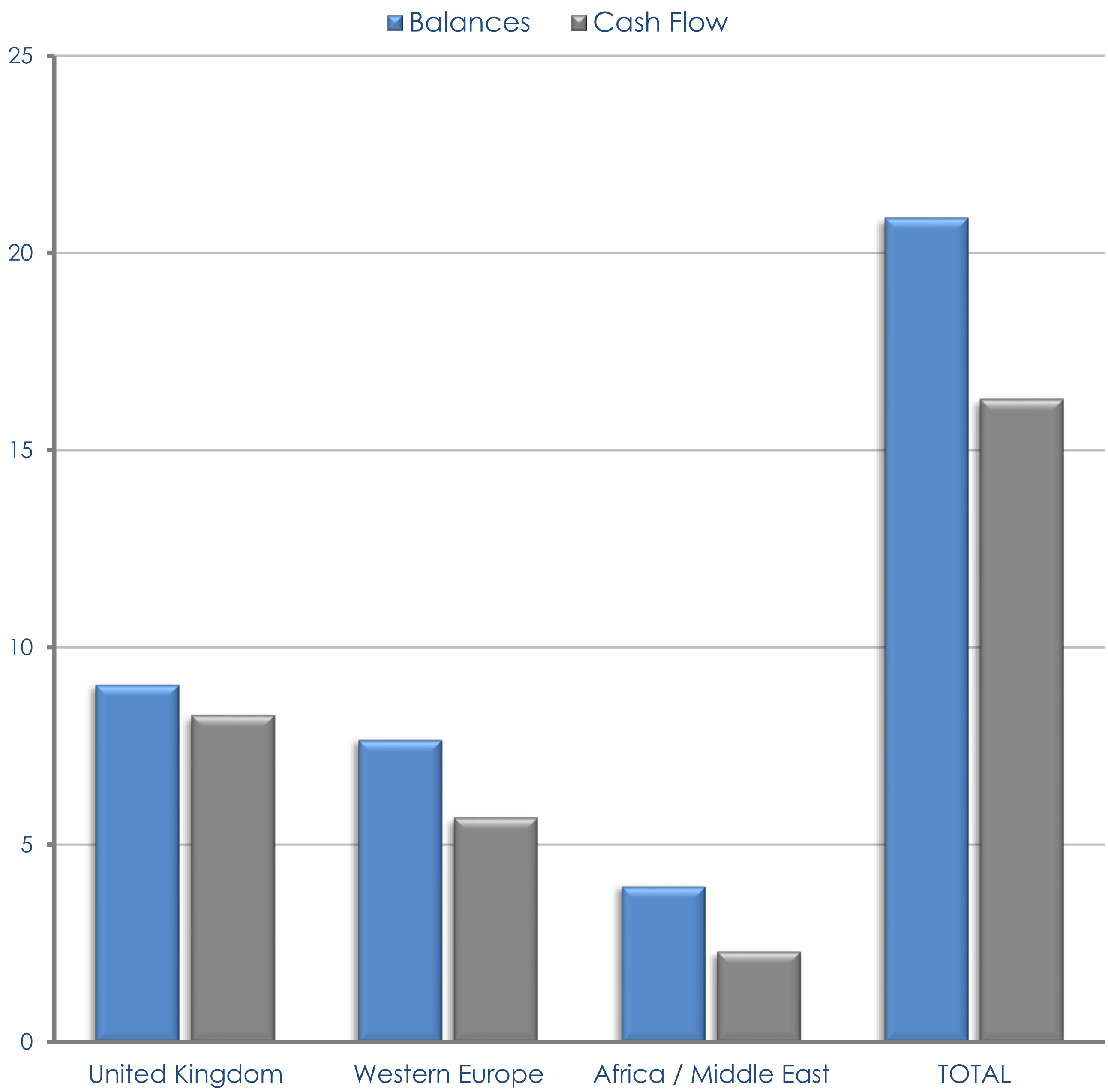
Are you able to see a real time consolidated view of your balances and transactions across all banks and forecast your cash flow in real time?

- These Index outcomes reflect an alarmingly low proportion of corporates across EMEA being able to access a real time view of balances and transactions across all their banks and accounts, or to produce real time cash forecasts.
- This inability reinforces feedback from attendees at Sibos 2014, where audience polls conducted at the event showed that many treasurers believe it will take several more years before banks' offerings on real time visibility achieve the level required by corporate clients.
- Treasurers are clearly recognising the contingent risks to their organisations with this lack of straight through cash views.

TABLE 3
Real Time Visible Balances and Cash Flow
% of Yes Responses

(N: 350)	Balances (N: 73)	Cash Flow (N: 57)
United Kingdom	9.1	8.3
Western Europe	7.7	5.7
Africa / Middle East	4.0	2.3
TOTAL	20.9	16.3

FIGURE 3
Real Time Visible Balances and Cash Flow
% of Total



How serious do you rate the risk impact on your business of real time transaction reporting and not being possible?

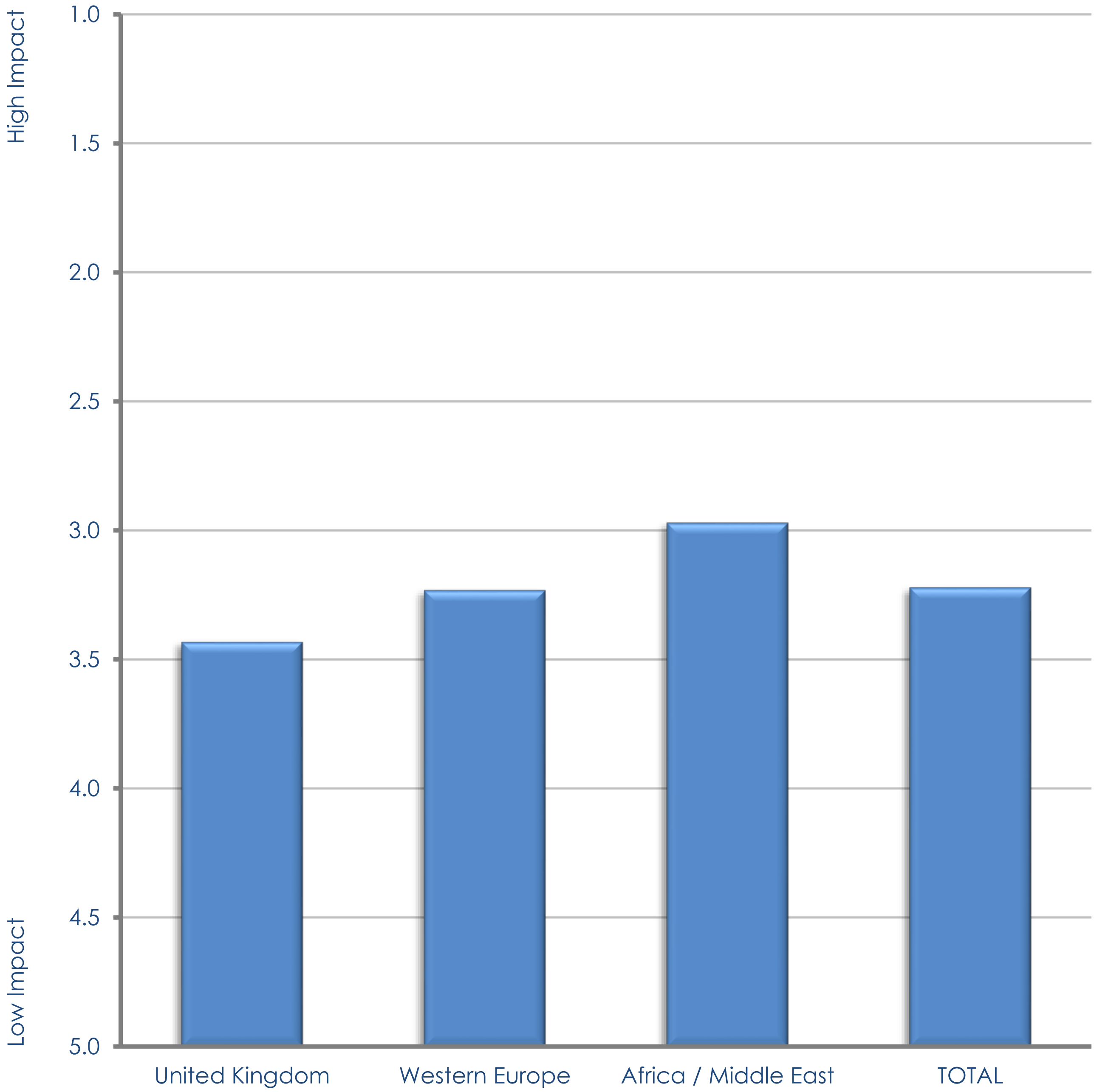
- Although there is some difference between the three regions, the risk impact on businesses of not having real time transaction reporting and cash flow forecasting is high across EMEA.

- These results reinforce findings reported below in Table 6, which show that companies with real time visibility enjoy a much greater degree of control over transactional performance than those without. This is becoming a critical issue for treasurers in times of low to minus returns on their surplus cash holdings.

TABLE 4
Business Risk Impact Rating
Average Score Reported

(N: 277)	1 ——— 2 —— 3 —— 4 ——— 5 (high risk impact) (low risk impact)
United Kingdom	3.43
Western Europe	3.23
Africa / Middle East	2.97
TOTAL	3.22

FIGURE 4
Business Risk Impact Rating
Average Score Reported



What is the percentage of your total operating cash (all currencies) that is visible in real time?

- Regular bouts of volatility across the currency markets in recent years have persuaded treasurers that this real time view of their current and forecast cash positions is essential. Many emerging market currencies have fluctuated sharply and in early 2015 many expected the euro to decline as far as reaching parity with the US dollar.

- As more companies based in EMEA expand beyond their domestic markets and beyond the Euro zone, further developing their international presence, the ability to have real time visibility over all currencies is becoming a fundamental business requirement.

- UK corporates report the highest view of real time cross-currency operational cash positions at nearly two thirds, corporates in Africa/Middle East only one quarter.

- Expectations that the Federal Reserve will begin to raise US interest rates this year and the Bank of England will follow its lead with UK rates in early 2016 suggest that further bouts of currency volatility are probable – increasing the need for corporates in EMEA to have much improved, if not full, visibility across all their transactional accounts globally.

TABLE 5
Real Time Visible Operating Cash (All Currencies)
Average % Reported

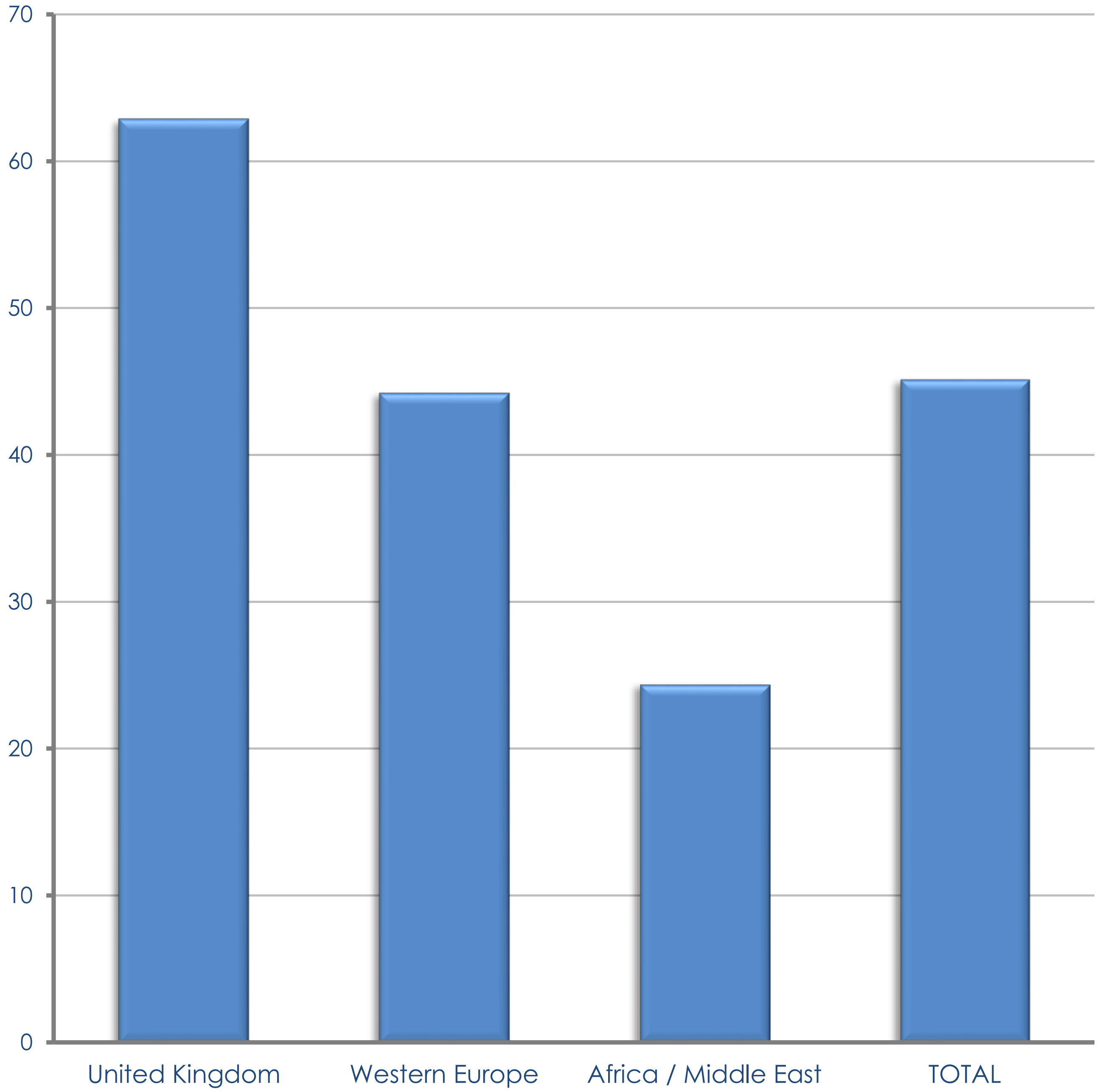
(N: 350)	Aug 2015
United Kingdom	62.9
Western Europe	44.3
Africa / Middle East	24.5
TOTAL	45.2

Note: No variance based on industry sector

FIGURE 5

Real Time Visible Operating Cash (All Currencies)

Average % Reported



How do you rate the degree of control you have over your transactions across time zones and multiple banks, using a 1-5 rating scale where 1=high degree of control and 5=low degree of control?

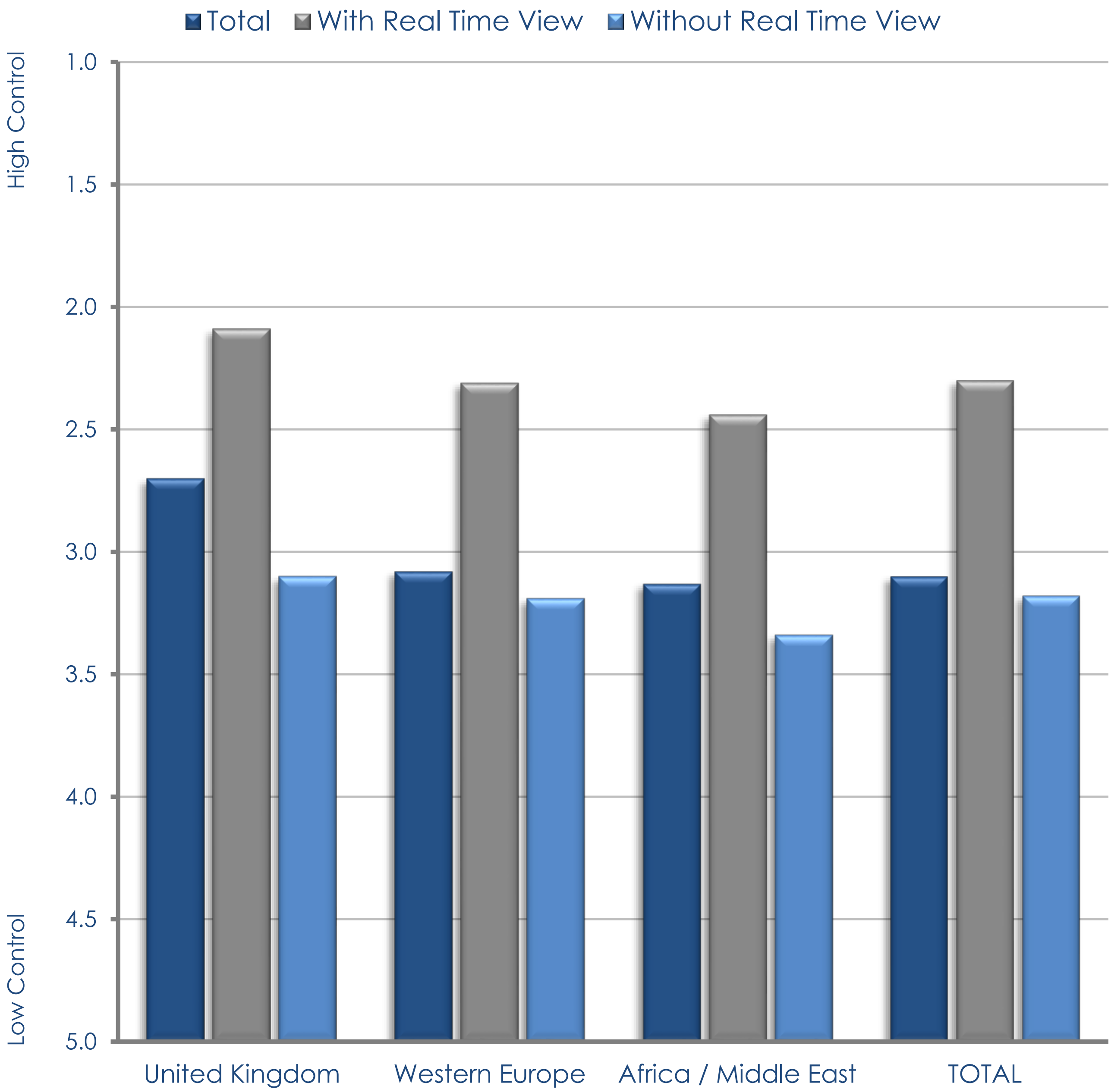
- The analysis starkly underlines the much greater degree of management control over their bank transactions available to companies with real time cash visibility.
- Significantly, the ratings of EMEA corporates without a real time view still significantly exceeds outnumbers those that have such a view by a ratio of nearly 3 to 2.
- Western Europe based corporates are rating their control over multi-bank and multi-time zone transactions only slightly ahead of their Africa/Middle East peers.
- While the differences are significant across the three EMEA regions, UK companies with a real time view report a materially greater degree of control over their transactional management.

TABLE 6
Banking Transactions Control Ratings
Average Rating Reported

	1 ——— 2 —— 3 —— 4 ——— 5 (high degree of control)		(low degree of control)
	Total Market (N: 350)	Corporates with Real Time View (N: 73)	Corporates without Real Time View (N: 279)
United Kingdom	2.70	2.09	3.10
Western Europe	3.08	2.31	3.19
Africa / Middle East	3.13	2.44	3.34
TOTAL	3.10	2.30	3.18

Note: No variance based on industry sector

FIGURE 6
Banking Transactions Control Ratings
Average Rating Reported



Please rate on a scale of 1-5, where 1=high importance/satisfaction and 5=low importance/satisfaction, the following cash management factors and the effectiveness of your current banking arrangements in maximising their performance?

- Average ratings for all three regions mask significant variation between each individual areas; for example the level of importance attached to fraud prevention is far higher in Africa/Middle East than in the UK or Western Europe.

- Findings may partly reflect the low interest rate environment and meagre returns available on cash prevailing in much of the region since the 2008 financial crisis. Maximising returns from cash is an area of relatively low satisfaction in all three regions.

- Efficient management of working capital has been a major issue since the crisis as many companies have opted to accumulate cash. The recent upswing in merger and acquisition (M&A) activity, coupled with an improving economic backdrop in the UK and Europe are expected to further drive the importance of efficient liquidity management for corporates in EMEA.

TABLE 7

Cash Management and Bank Effectiveness Ratings – Total Market

Average Rating Reported

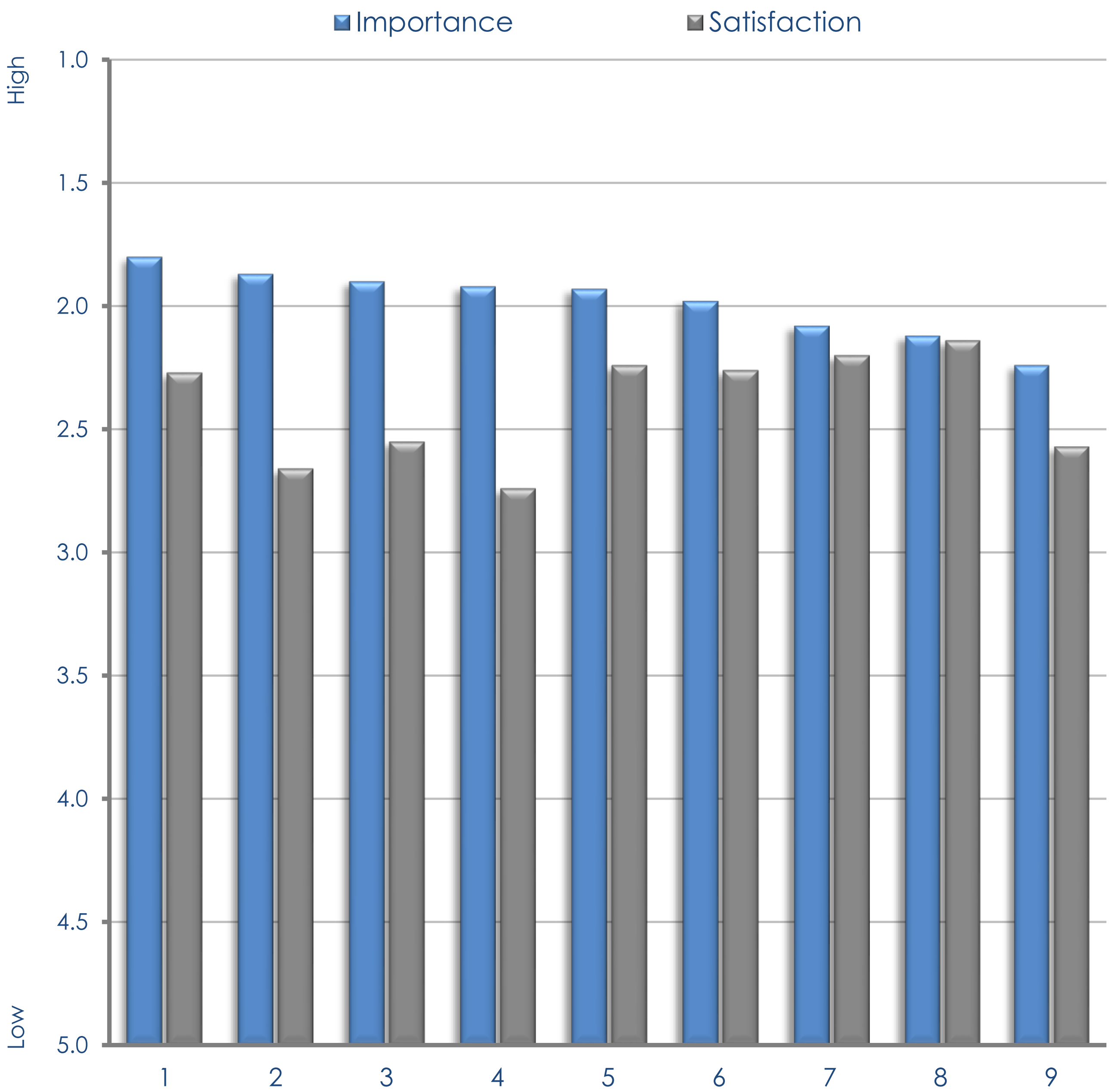
		1 ——— 2 —— 3 —— 4 ——— 5 (high) (low) Total Market (N: 350)	
		Importance	Satisfaction
1	Accuracy of cash flow forecasting	1.80	2.27
2	Analysing receivables	1.87	2.66
3	Efficient management of working capital	1.90	2.55
4	Maximising returns from cash	1.92	2.74
5	Timeliness of cash position reporting	1.93	2.24
6	Effective management and fusion of bank feeds with REP data	1.98	2.26
7	Reporting, analytics & transaction tags	2.08	2.20
8	Preventing fraudulent activity in cash management	2.12	2.14
9	Requires my business to have an internal treasury function	2.24	2.57

Note: No variance based on industry sector

FIGURE 7

Cash Management and Bank Effectiveness Ratings – Total Market

Average Rating Reported



1. Accuracy of cash flow forecasting
2. Analysing receivables
3. Efficient management of working capital
4. Maximising returns from cash
5. Timeliness of cash position reporting
6. Fusion of bank feeds with REP data
7. Reporting, analytics & transaction tags
8. Preventing fraudulent activity
9. Requires internal treasury function

- With the Bank of England's benchmark interest rate at a record low of 0.5% since March 2009, it's not surprising that maximising returns from cash ranks among the top priorities for UK based corporates - but one that currently shows the lowest level of satisfaction.

- The lower importance attached to preventing cash management fraud and the high satisfaction level attached to banks' effectiveness in the UK and Western Europe in this area reflects the relative priorities in cash held by treasurers. This is quite the reverse amongst Africa/Middle East corporates, where fraud prevention ranks very high.

- A significant gap for analysing receivables has been uncovered by the Index – among the most important cash management activities for UK companies, but one with a relatively low satisfaction rating amongst UK corporates. Payments functionality is considerably more advanced in many corporates than receivables.

- Clearly efficient management of working capital is the top priority for UK corporates.

TABLE 8

Cash Management and Bank Effectiveness Ratings – United Kingdom

Average Rating Reported

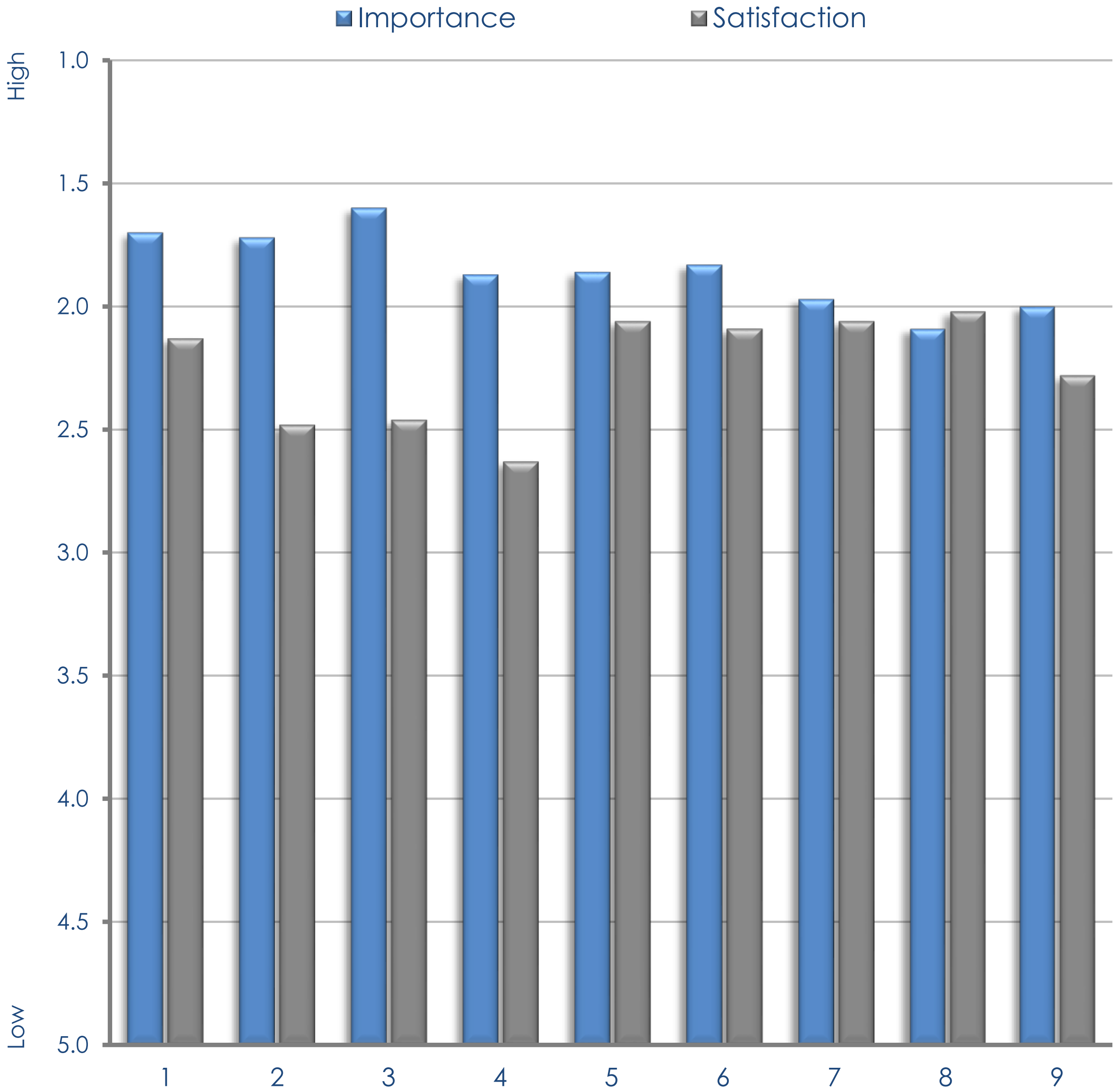
		1 ——— 2 —— 3 —— 4 ——— 5 (high) (low) United Kingdom (N: 81) Importance	Satisfaction
1	Accuracy of cash flow forecasting	1.70	2.13
2	Analysing receivables	1.72	2.48
3	Efficient management of working capital	1.60	2.46
4	Maximising returns from cash	1.87	2.63
5	Timeliness of cash position reporting	1.86	2.06
6	Effective management and fusion of bank feeds with REP data	1.83	2.09
7	Reporting, analytics & transaction tags	1.97	2.06
8	Preventing fraudulent activity in cash management	2.09	2.02
9	Requires my business to have an internal treasury function	2.00	2.28

Note: No variance based on industry sector

FIGURE 8

Cash Management and Bank Effectiveness Ratings – United Kingdom

Average Rating Reported



1. Accuracy of cash flow forecasting
2. Analysing receivables
3. Efficient management of working capital
4. Maximising returns from cash
5. Timeliness of cash position reporting
6. Fusion of bank feeds with REP data
7. Reporting, analytics & transaction tags
8. Preventing fraudulent activity
9. Requires internal treasury function

- Parallel with their UK peers, Western European corporates are relatively relaxed in the level of importance being attached to fraud prevention.
- Accuracy of cash flow forecasting is the lead priority for companies in this region, with treasurers reporting relatively low levels of satisfaction with their current solutions.
- The importance attached to maximising returns from cash and relatively low associated satisfaction levels further reflects the prevailing post-crisis low interest rate environment.
- Analysing receivables is a further important issue for treasurers who are also reporting low levels of satisfaction with present solutions. Outcomes here from corporates based in Africa/Middle East reflect a similar picture.

TABLE 9

Cash Management and Bank Effectiveness Ratings – Western Europe

Average Rating Reported

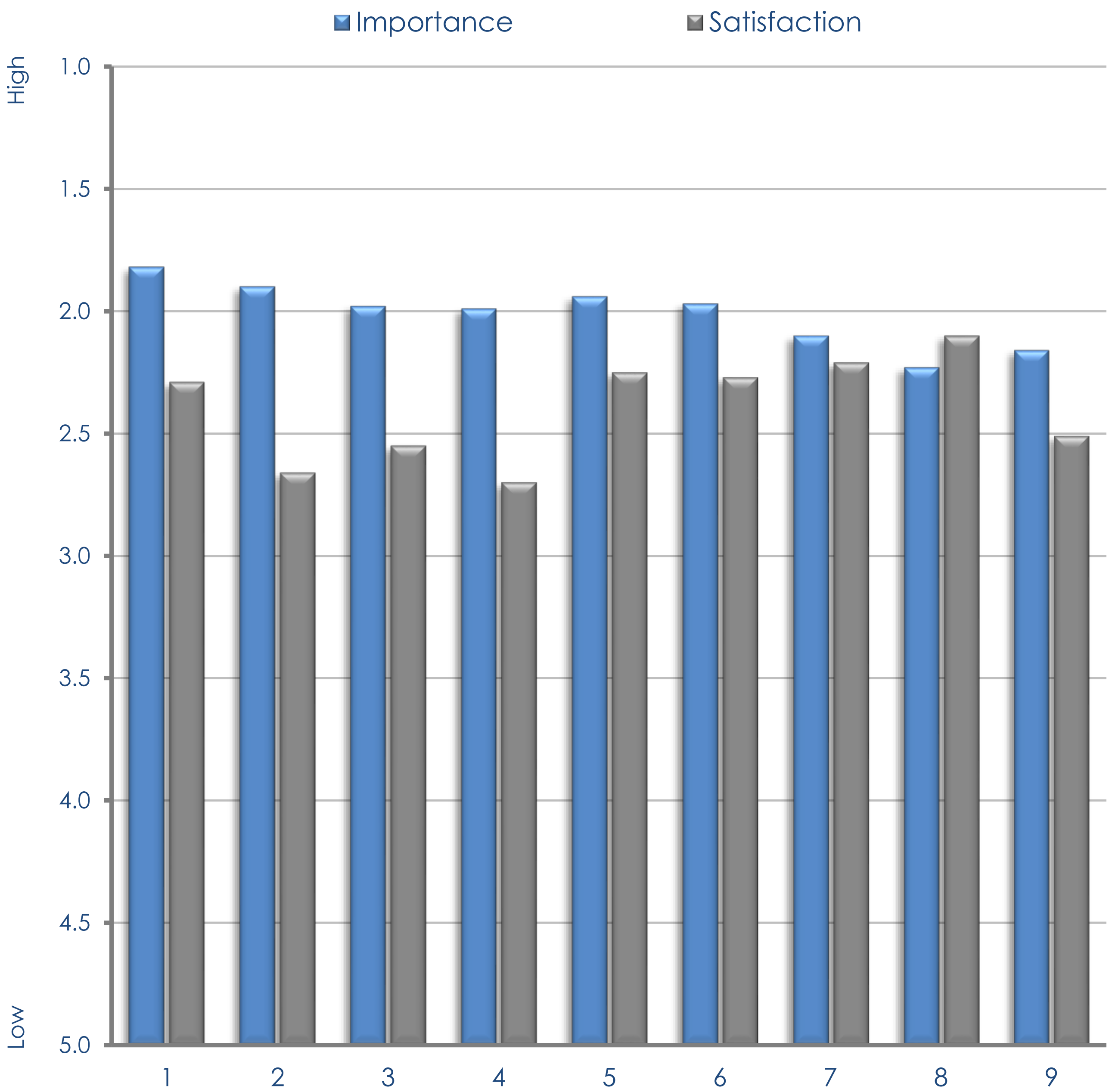
		1 ——— 2 —— 3 —— 4 ——— 5 (high) (low) Western Europe (N: 209)	
		Importance	Satisfaction
1	Accuracy of cash flow forecasting	1.82	2.29
2	Analysing receivables	1.90	2.66
3	Efficient management of working capital	1.98	2.55
4	Maximising returns from cash	1.99	2.70
5	Timeliness of cash position reporting	1.94	2.25
6	Effective management and fusion of bank feeds with REP data	1.97	2.27
7	Reporting, analytics & transaction tags	2.10	2.21
8	Preventing fraudulent activity in cash management	2.23	2.10
9	Requires my business to have an internal treasury function	2.16	2.51

Note: No variance based on industry sector

FIGURE 9

Cash Management and Bank Effectiveness Ratings – Western Europe

Average Rating Reported



1. Accuracy of cash flow forecasting
2. Analysing receivables
3. Efficient management of working capital
4. Maximising returns from cash
5. Timeliness of cash position reporting
6. Fusion of bank feeds with REP data
7. Reporting, analytics & transaction tags
8. Preventing fraudulent activity
9. Requires internal treasury function

- In marked contrast to the UK/Western Europe, preventing cash management fraud is a clear priority for Africa/Middle East corporates.

- Across most of the performance factors used by the Index to measure transactional and cash management effectiveness, satisfaction with current solutions being reported by regional corporates is poor.

- As with their Western Europe peers (the UK to a lesser degree), analysis of receivables is also a requirement where Africa/Middle East corporates regard their current arrangements as being particularly weak - although a high priority, satisfaction rates are very low.

- Interest rates in many major Africa and Middle East economies are markedly higher than in the UK/Western Europe, but here too maximising returns from cash is a core area of dissatisfaction for treasurers.

TABLE 10

Cash Management and Bank Effectiveness Ratings – Africa / Middle East

Average Rating Reported

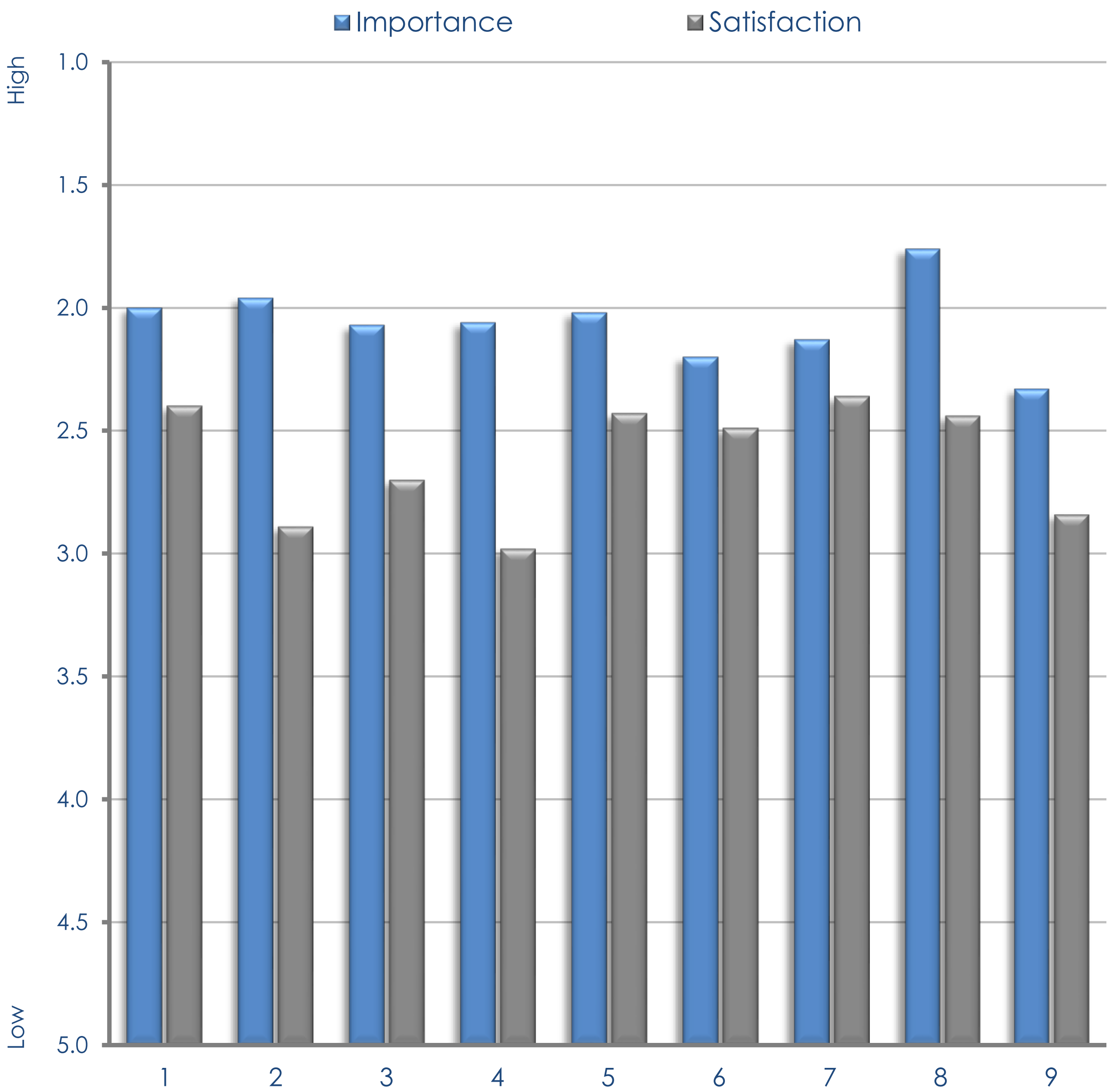
		1 ——— 2 —— 3 —— 4 ——— 5 (high) (low) Africa / Middle East (N: 60)	
		Importance	Satisfaction
1	Accuracy of cash flow forecasting	2.00	2.40
2	Analysing receivables	1.96	2.89
3	Efficient management of working capital	2.07	2.70
4	Maximising returns from cash	2.06	2.98
5	Timeliness of cash position reporting	2.02	2.43
6	Effective management and fusion of bank feeds with REP data	2.20	2.49
7	Reporting, analytics & transaction tags	2.13	2.36
8	Preventing fraudulent activity in cash management	1.76	2.44
9	Requires my business to have an internal treasury function	2.33	2.84

Note: No variance based on industry sector

FIGURE 10

Cash Management and Bank Effectiveness Ratings – Africa / Middle East

Average Rating Reported



1. Accuracy of cash flow forecasting
2. Analysing receivables
3. Efficient management of working capital
4. Maximising returns from cash
5. Timeliness of cash position reporting
6. Fusion of bank feeds with REP data
7. Reporting, analytics & transaction tags
8. Preventing fraudulent activity
9. Requires internal treasury function

With regards to multi-banking solutions offered by your primary transaction bank, please rate your satisfaction with the following performance factors, where 1=satisfied and 5=dissatisfied?

- Treasurers are reporting relatively poor experience and satisfaction levels with their incumbent primary transactional service providers across these six core service factors
- There is some consistency in satisfaction ratings between the three EMEA regions – from UK corporates reporting somewhat better outcomes relative to their Western European peers who in turn are reporting better levels of satisfaction on these measures than their Africa/Middle East counterparts.
- Results suggest that an improved level of integration with the payments and collections system needs to be a critical priority for banks in all three regions.

TABLE 11

Customer Satisfaction – Multi-Banking Solutions

Average Rating Reported

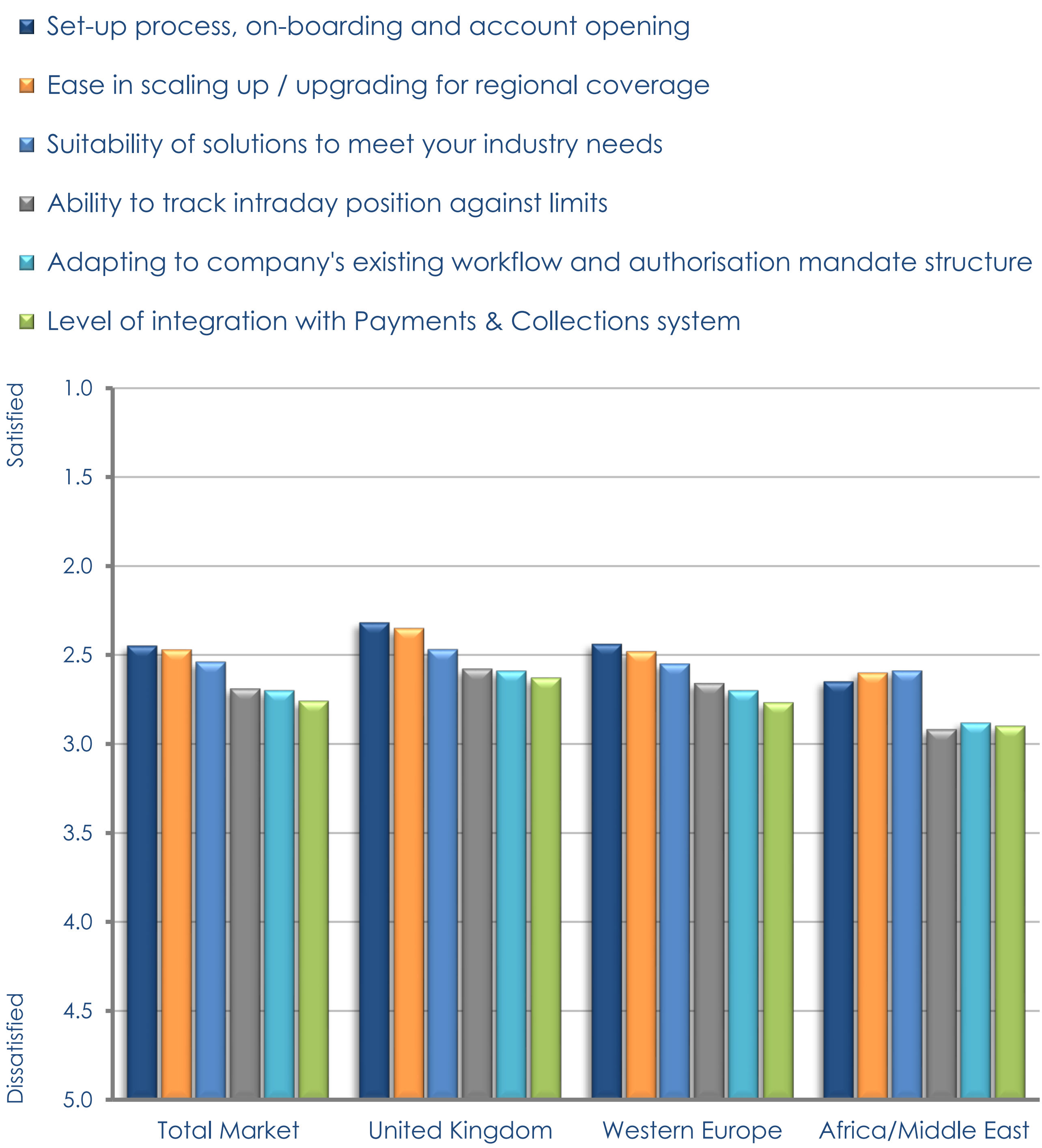
	1 — — — 2 — — 3 — — 4 — — — 5 (satisfied) (dissatisfied)			
	Total Market (N: 350)	United Kingdom (N: 81)	Western Europe (N: 209)	Africa / Middle East (N: 60)
Set-up process, on-boarding and account opening	2.45	2.32	2.44	2.65
Ease in scaling up / upgrading for regional coverage	2.47	2.35	2.48	2.60
Suitability of solutions to meet your industry needs	2.54	2.47	2.55	2.59
Ability to track intraday position against limits	2.69	2.58	2.66	2.92
Adapting to company's existing workflow and authorisation mandate structure	2.70	2.59	2.70	2.88
Level of integration with Payments & Collections system	2.76	2.63	2.77	2.90

Note: No variance based on industry sector

FIGURE 11

Customer Satisfaction – Multi-Banking Solutions

Average Rating Reported



East & Partners Pty Ltd, a leading specialist market research firm in the business, corporate and investment banking markets of Asia Pacific, works across 11 countries in the region delivering both multi-client and proprietary market analysis services to financial services providers.

The delivery of accurate quantitative analysis on the region's exploding demand for sophisticated transaction, debt, treasury, investment and advisory banking services and products has been uniquely addressed by East's "bottom up" research methodologies since 1987, based on many thousands of customer interviews annually in Australia, China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

East's multi-client demand research and consulting work has enabled the firm to work with virtually every major Bank within the region and international clients based in North America and Europe.

East & Partners Pty Ltd

Level 13, 2 Park Street Sydney NSW 2000 Australia

phone: +61-2-9004 7848 fax: +61-2-9004 7070

www.east.com.au

BANKING • RESEARCH • ADVISORY • STRATEGY

East & Partners
Level 13, 2 Park Street Sydney NSW 2000 Australia
Ph. +61 2 9004 7848 Fax. +61 2 9004 7070
www.east.com.au
ABN: 23 151 025 599