Virginia Bankers Association

"Treasury Management Advanced Perspectives"

September 23 and 24, 2021

Presented By: Debra E. Knox, CCM

KNOX ADVISORS, LLC TREASURY MANAGEMENT ADVISORY SERVICES 717.468.1227

Let's Get Started – Our Goals for Today

Join In, Share & Have Fun

Payments/Cash
Management/Treasury
Management – How did we
get here & where are we
going?

How are these products evolving & who is our competition?

Delivery best practices – Is there a better "mousetrap"?

Let's Get Started – It's All About You ©

Please tell us your name, your bank, your position & how long you have been engaging business clients.

Feel free to share your goal for today's session or any other tidbits that the group may benefit from.

What's Your Super Power?

We all have a Super Power (or maybe more than one) that gives us a special edge or advantage.

Embrace your SP and observe those around you who are doing the same.

Tomato vs Tomato



- Cash Management, Treasury Management, Commercial Payments, Business Solutions
- Lots of monikers for the suite of financial products designed to aid businesses and organizations in the collection, disbursement, and management of their funds.
- Many banks have migrated away from the term Cash Management to Treasury Management or Commercial Payments.
- Some use multiple terms based upon specific target markets. TM for larger businesses and Business Payment Solutions for smaller clients.
- For today's discussion, we will use the term Treasury Management.

How Did We Get Here? (A little bit of history...)

Cash Management – 1970s & 1980s

Interest rates were high
Funds moved slowly
Float management was key

<u>Treasury</u> <u>Management – 1990s</u> <u>to present</u>

Data management is key
Fraud control

Digital revolution

The dinosaur known as the check would have been extinct years ago if remittance details supporting the payment would be more easily accessible

Artificial Intelligence
(AI) is aiding in the processing of remittance details.

The cost savings between receiving a paper check (\$4.57) & receiving an ACH (\$0.30) is too compelling to ignore

The introduction of Fintechs as an alternative payment provider has accelerated the movement to electronic payments

How Did We Get Here?

The September
11, 2001 national
disaster
prompted "The
Check Clearing
for the 21st Act"
or "Check 21"



We needed to move to an electronic check clearing system and we did in 2004



20 years later
"Check 21" is
being put to the
test with the
COVID-19
shutdown
bringing inperson banking
to a standstill.

With the genie out of the bottle on contactless payment preferences, it isn't likely to return to "normal"

How Did We Get Here?

Payments/Treasury
Management
generated \$250B of
revenue in 2019 and
grew more than 10%
in 2020 with a
forecast of 5%
growth per annum
over the next 5 years

Some say that the ROE for PTM can be as high as 40%

Banks earn fees from payment processing & account management services, as well as interest income from deposits & operational account balances. PTM is an anchorrelationship product line that provides cross-selling opportunities.

Although fee margins have compressed due to increased competition, payment volumes are growing so the forecasts still look good. If interest rates rise, margins will be stronger.

Treasury
Management Services
are important to your
bank's success!

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"Treasury Management at a Crossroads"*

1/28/2020 –

*Webinar
conducted by
Deluxe Treasury
Advisory Services
and Capital
Performance
Group with results
of bank/corporate
survey

"Expectations are being raised for Treasury Management as a growth engine. This is a change from the old days when TM was looked at as a support group".

"You don't get commercial deposits if you don't do Treasury" "Today's Treasury
is a self-sustaining
line of business
that is strategic
and generates
clients, deposits,
revenue and
value"

Where Are We Going?

To non-paper based payment solutions

That exist in a rapidly changing competitive landscape

With more informed and proactive clients

And more creative nonbank providers

Are you up to the challenge?

Poll Question: Thinking about the past 12 months, what Treasury Management Service(s) was your best seller?

- Account Reconcilement
- ACH Origination (Collection and/or Payment)
- ACH Positive Pay and/or Blocks/Filters
- Business Checking Account
- Business Credit Cards
- Cash Vault Services and/or Smart Safe
- □ Commercial Purchasing Cards
- Escrow Account Service
- Lockbox Services (Retail and/or Wholesale)
- Merchant Services
- Mobile Deposit
- Online Banking
- Positive Pay (Check)
- □ Prepaid Cards (Reloadable) and/or Gift Cards
- Remote Deposit Capture (RDC)
- Same-Day ACH Origination
- Sweep Services (Investment)
- Sweep Services (Line of Credit)
- Wire Transfer Origination
- Other

Poll Question: Thinking about the past 12 months, what Treasury Management Service(s) was not requested at all (or very infrequently)?

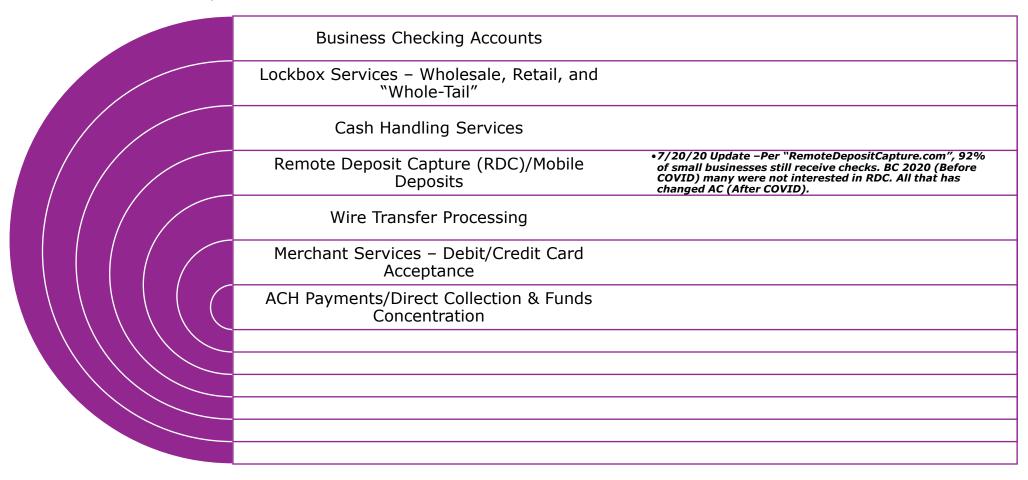
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- Other

First Break

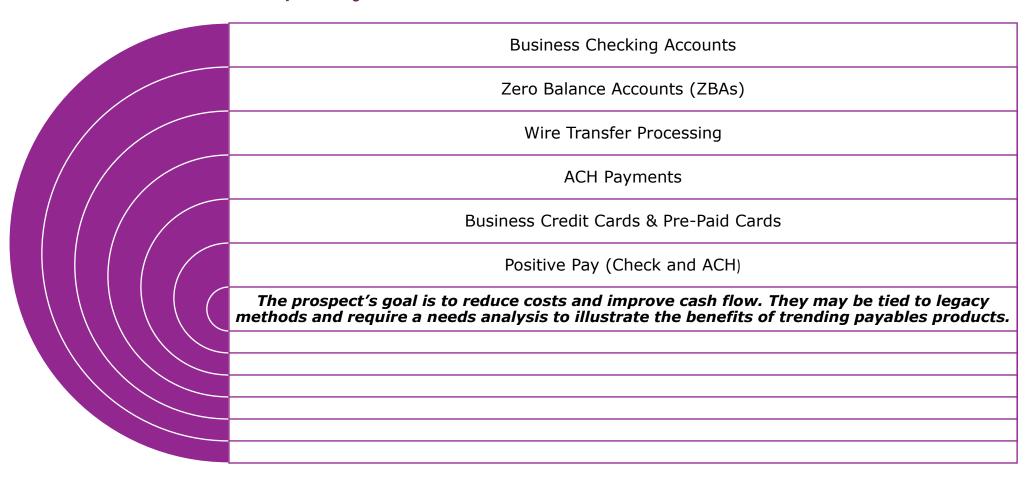
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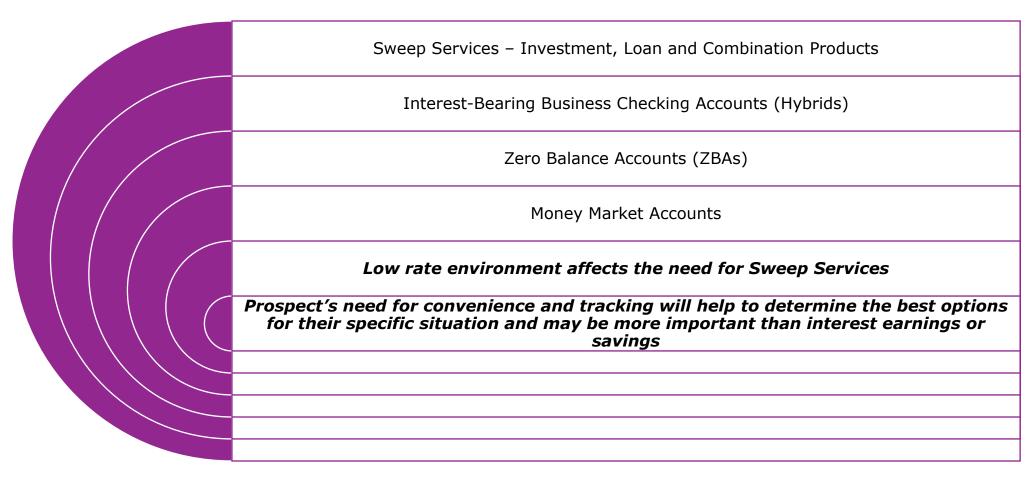
Collection, Concentration & Receivables



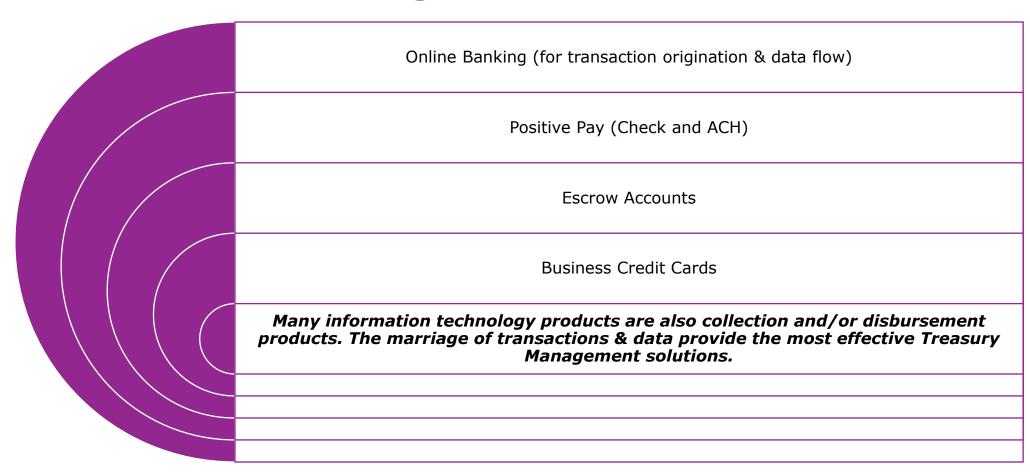
Disbursement/Payables Products



Funds Management & Liquidity Products



Information Technology & Fraud Control Management



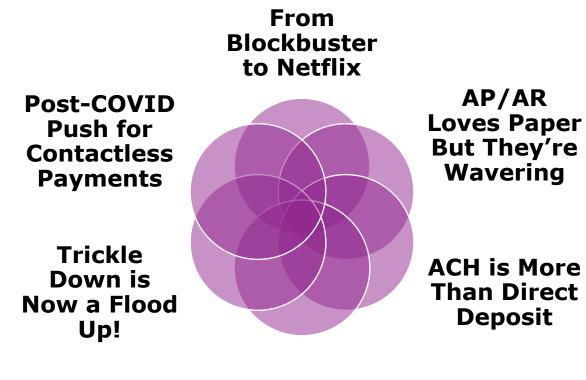
Trending Payments & Solutions

Henry Ford was quoted as saying: "If I had asked people what they wanted, they would have said faster horses"

A faster horse doesn't win in banking anymore. We need product alternatives that work for our specific markets.

Be aware of technology trends and solutions and align your organization with partners who share your vision and goals (you may even find yourself partnering with current competitors!) – Who knew!

Product Direction/Transitioning From Paper to?



Plastic for All

Product Direction – Consider Aligning Jargon with Business Needs

Accept payments from your customers however they want to pay

Merchant Services

Card Payments

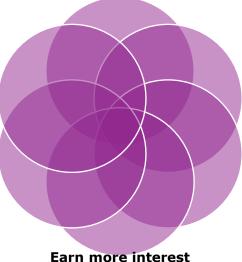
Collect payments and pay employees & vendors electronically

ACH Debits/Credits

Electronic Payments

Monitor and transfer your money online from anywhere

Online/Mobile Banking



Earn more interest
automatically by letting
the bank move your
money between
accounts

Sweep Services

Transfers

Auto

Protect your business from fraudulent checks & electronic payments

Positive Pay → Fraud Protection

Avoid trips to the bank by depositing checks digitally via scanner or a mobile app

Remote/Mobile
Deposit → Digital
Deposits

Trending Payments & Solutions – ACH Payment Growth – 2nd Q 2021

ACH transaction volume increased 9.9% over 2Q 2020 to 7.3B (655M more than last year) and \$ value grew 24.6% to \$18.4T

B2B transactions increased 28.7% to 1.3B

Internet-Initiated consumer payments grew by 14.3% to more than 2.2B transactions. Healthcare payments increased 35.7% to a record 108M!

As ACH B2B volume increases, check and wire volume will decrease & will affect the bank's product margins.

Trending Payments & Solutions – Same-Day ACH

Phase 1 – September 2016 – Credits only

Phase 2 – September 2017 – Credits & Debits Phase 3 –
September 2018

Received funds
available at 5pm
RDFI local time
(FI may exceed
this & provide
funds availability
earlier and/or
may adjust
balance
throughout the
day)

September 20, 2019 – Expedited funds availability – Some ACH Credits available by 9am & 1:30pm local time March 20, 2020 – Transaction cap (both debits & credits) went from \$25,000 to \$100,000 which will allow for more B2B payments March 19, 2021 New (3rd) ACH
processing window
to allow two
additional hours per
day (currently
2:45pm ET will
move to 4:45pm
ET).

No new intraday memo post as the item must post to the account as of the end of day of the effective entry date.

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Trending Payments & Solutions – Same-Day ACH

12/7/2020 - NACHA proposed an increase in the Same-Day ACH limit to \$1 Million by 2022 & to \$10 Million in 2023. It was unanimously approved.

Business customers will continue to embrace Same-Day ACH, the negative impact on banks' wire transfer fee income will be substantial.

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Trending Payments & Solutions- FedNow Pilot

January 25, 2021 – Federal Reserve Bank announced a pilot program with 110 participants to support FedNow. Expected to launch in 2023 or 2024.

Goal to provide around the clock payments through financial institutions using the FedLine network. No specific launch date is available but there is surely pressure on the Fed to counter the movement of payments from wire to ACH.

Trending Payments & Solutions – Kabbage Checking

Kabbage, Inc. – A data & tech company from Atlanta GA was acquired by American Express in early 2021.

- Kabbage became the third-largest PPP lender in the nation by application volume during the COVID response
- They launched <u>www.helpsmallbusiness.com</u> to generate more revenue by selling online gift certificates

"A business checking account built for the smallest of companies, but fit for the largest".

- Gives small businesses the same capabilities as larger ones.
- High-Yield interest 1.1% on 6/14/2021 (on balances to \$100,000)
- Free ATM access at 19,000 innetwork ATMs
- Bill Pay and Mobile Deposits
- Create up to 5 "wallets" to track savings goals or manage cash flow
- The account is provided via Green Dot Bank, Member FDIC

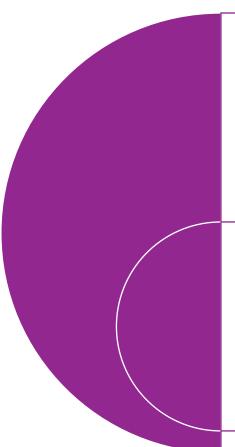
Trending Payments & Solutions – PNC "Direct to Debit Card"

PNC (9/2020) To provide businesses with the option to send consumer payments through an eligible debit card.

Collaboration with Visa's Push Payments Platform.

- Bridges the gap in business-toconsumer payments in real time
- No need for bank account numbers or third-party payment apps
- Routes payments to consumers using their 16-digit debit card number
- Can be used for payroll, paying on demand, and independent contractor payments

Trending Payments & Solutions – Merchant Services



Merchant Payments

Anywhere, AnyMethod, AnyDevice

- In-store, online, offsite, mobile
- Debit/Credit, EMV Chip Card, Apple Pay, Samsung Pay, Google Pay, Android Pay, Gift Cards
- POS, Virtual Terminal, Tablet, Mobile Phone
- Ecommerce online portals for ordering, selling, and collecting that combine both gateway & payment processing to securely accept orders & payments

Merchant Payment Goals

- Turn shoppers into buyers quickly (POS or online)
- Minimize costs
- Keep transactions safe & secure

Trending Payments & Solutions –Fiserv/FDR

Fiserv/FDR merger closed during the second half of 2019 creating a global leader in payments



Range of payment & financial services including account processing, digital banking, card issuer process, ecommerce, integrated payments, and "Clover" (cloudbased POS solution)

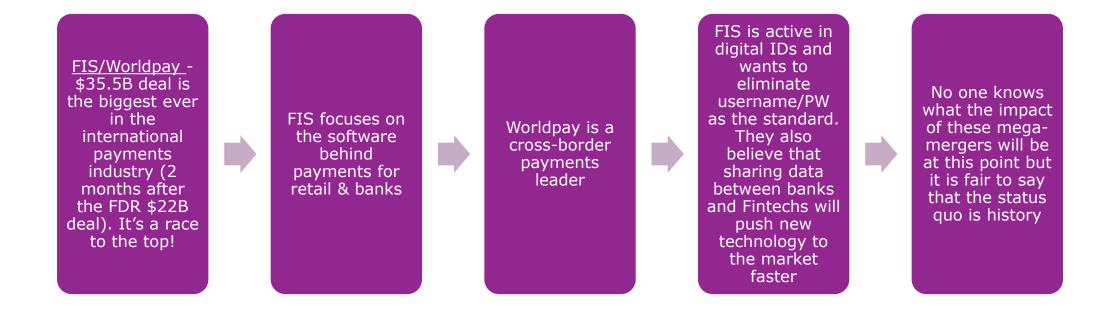


Comprehensive distribution channels and expertise in partnering with software developers, financial institutions, merchants & billers of all sizes



No doubt this new competitor will be formidable but it will take some time to sort out their priorities and the tangles of many partnerships & relationships

Trending Payments & Solutions –FIS/Worldpay



Trending Payments & Solutions - Square

Square has been successful in serving a previously difficult market for traditional merchant services providers - the micro business. Over time they have moved up market and now serve larger businesses as well.

They are focused on their "instant funding" feature which provides merchants with cash today via the debit card (Pulse) network. Having access to funds immediately is a very attractive pull for a small business. The fee is 100bp (paying \$5 to receive \$500 is worth it for many)

Trending Payments & Solutions - Square

March 2020 –
Square received
approval for a "lite"
bank (industrial
loan company) that
isn't subject to
Federal Reserve
supervision. The
new bank will be
called Square
Financial Services
and will be based
in Utah (opened
March 2021).



Square Financial
Services will be
permitted to collect
deposits and lend
money to
merchants that use
Square devices.



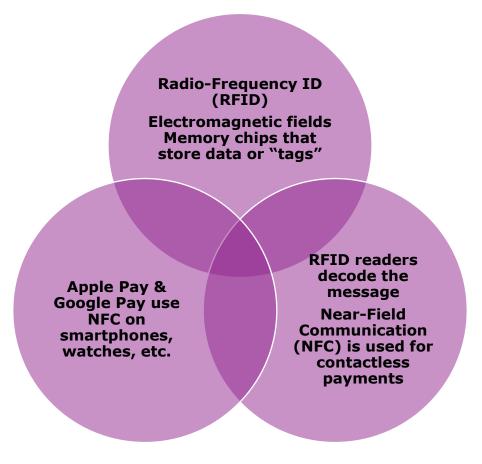
The FDIC and the
Utah Department
of Banking will
require a
significantly higher
level of capital than
other banks
(\$56million is the
initial capital). The
FDIC will also have
the right to
examine the new
bank.



This approval signals a more friendly regulatory atmosphere for Fintechs that will definitely impact traditional banks (unless the new political climate reverses strategy).

July 2021 – Square Banking begins to offer business checking & savings accounts with no account minimums, OD fees or recurring fees. 0.5% APR on savings

Trending Payments & Solutions – Contactless Payments



Trending Payments & Solutions – Business Credit Cards

Cards have come a long way since Diner's Club launched in 1950 More businesses are obtaining credit cards which means there will be more merchant acceptance (and more nontraditional merchants)

Virtual P-Cards with one-time account numbers are driving this trend Fraud controls have improved dramatically and encouraged business card usage

Integration with traditional accounts payable functions provide even more incentive to ditch checks in favor of cards

Businesses need to purchase online so card issuance will continue to grow

Trending Payments & Solutions – Business Credit Cards



- <u>Increasing use of contactless cards</u> (offering rewards/perks for usage)
- Enhanced security with tokenization (payments are processed without exposing personal account numbers because the token only works for that consumer, on that device at that merchant)
- 10/2019 One-Click checkout option (American Express, Discover, MasterCard, & Visa joined forces (WOW!) to create this new option. Participating merchants so far are Cinemark, Rakuten, Papa John's, & Saks 5th Avenue. More merchants to join in 2021. Click-to-Pay is more secure and convenient & reduces the amount of info needed to complete the sale).

Trending Payments & Solutions – MasterCard Business Card

Posted 8/6/2019 – MasterCard adds value to their small business program by aligning with Salesforce

MasterCard Business Card customers can now tap into the power of Salesforce's CRM (customer relationship management) solution through Salesforce Essentials. This app has sales and customer support tools specifically designed for small businesses.

For only \$9.99/user/month customers are able to use a sophisticated sales tool for a fraction of the standard cost.

Other enhancements include: Intuit's QuickBooks®, TurboTax®, ID Theft Protection®, MasterCard Easy Savings®, cell phone insurance and MasterCard Receipt Management by Itemize® (some benefits are fee-free while others are discounted)

Trending Payments & Solutions – The Beat Goes On!

Card-based receivables and payables products will continue to evolve and decrease paper-based products

Electronic and digital products will also increase and change the overall payment landscape

Treasury Management banks will need to be flexible and be prepared to evolve with business client needs or risk being replaced by other financial service providers

Partnerships for Success

Group Discussion/Roundtable What are your plans to partner with FinTechs or others?

Would you partner with a competitor(s)?

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What Is Trending in Your Market?

Group
Discussion/Roundtable

What's on your mind?

How are we doing so far?

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Lunch Break

Please be back in 45 minutes 🚳

Treasury Management Delivery Best Practices

<u>Traditional Model</u> – Specialized TM Sales Team supporting Business Development Team(s)

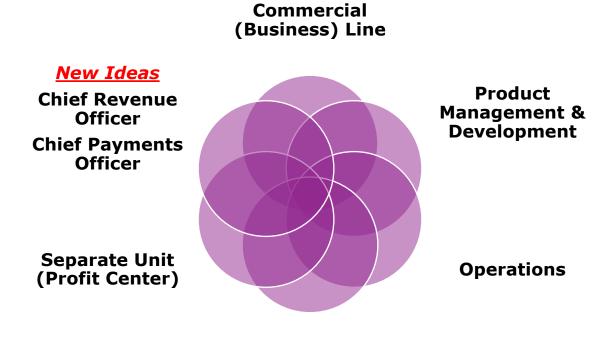
<u>Hybrid Model</u> – TM Sales Team provides expertise to Business Development Team(s) but also sources/prospects

<u>Future Model</u> – Variations of the previous models with additional industry specific expertise and/or technical expertise

Your TM Delivery Model Is

Will you share your ideas? 🔕

Where Should Treasury Management Report To?



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Technical (IT)

Is There a Better (New) Mousetrap?

What's working in your market?

What have you heard?

Which cheese should you use?

"Homework" Assignment

Choose one of these two assignments & plan to provide a summary and respond to questions about your experience.

Each participant will be asked to share their chosen example.

Provide an example of a Treasury Management solution(s) that was your most successful in either terms of fee income, relationship expansion, new relationship for the bank, combined solution with credit or other areas of the bank, etc. Why were you successful? (product, price, relationship, creativity, timing, etc.) Have you been able to repeat your success with similar customers/prospects?

Provide an example of a unique Treasury Management solution(s) that encouraged you to "think outside the box". How were you able to create the unique solution(s)? Was it an internal team effort? Or a collaboration with an outside partner/vendor? Have you been able to replicate this solution(s) for other similar customers/prospects?

How'd We Do? – Our Goals for Today

Join In, Share & Have Fun

Payments/Cash
Management/Treasury
Management – How did we
get here & where are we
going?

How are these products evolving & who is our competition?

Delivery best practices – Is there a better "mousetrap"?

Wrap Up, Questions, Comments

Use your "Super Power"(s) Competitors are changing quickly and products are evolving













The Payments
Business is
growing and
changing rapidly

Treasury
Management
delivery
strategies are
unique to each
financial
institution

The changing landscape requires banks to be more nimble in product development and the formation of alliances with FinTech partners and competitors

Knox Approved Pearls of Wisdom

"Knowledge is Power" – Francis Bacon "The bitterness of low quality remains long after the sweetness of low price is gone" – Benjamin Franklin "The positive thinker sees the invisible, feels the intangible, and achieves the impossible" – Winston Churchill















"A vision without action is merely a dream. Action without vision just passes the time. Vision with action can change the world" – Joel A. Barker

"Great things are done by a series of small things brought together" - Vincent van Gogh "Excellence is never an accident. It is always the result of high intention, sincere effort, and intelligent execution: it represents the wise choice of many alternatives – choice not chance determines your destiny" – Aristotle

MOTIVATION

"Motivation doesn't last
But neither does showering!

That's why both are recommended daily"

• Zig Ziglar

Virginia Bankers Association

"Treasury Management Advanced Perspectives"

Thank you for your participation today!

See you tomorrow morning at 9:00am

KNOX ADVISORS, LLC Treasury Management Advisory Services Debra E. Knox, CCM 717.468.1227

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Let's Get Started - Our Goals for Today

Join In, Share & Have Fun

Sharing Our Best Practices Learning from Others

Top Treasury Management Sales Tips (Acquiring, Retaining & Expanding Relationships)

Trends Shaping Payments
Setting Your Strategic
Course

Let's Share

Thoughts from yesterday?

Comments or Questions before we begin?

Let's learn from each other

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Worst-Case Scenarios (Plan "B", "C", ???)

For "extra credit", what is your WCS?

You should have a Plan "B" and possibly more in your TM strategic plan

Keep moving your future forward

First Break

Please be back in 15 minutes 😂



Treasury Management Sales Professionals

Getting the right sales opportunities (via internal & external prospecting)

Developing a solution or solutions (in the context of the product/service capabilities available) that deliver benefits to the business prospects

Working in concert with other bank business development team members to retain and expand business relationships

Understanding the Treasury Management situation of business prospects

Communicating the value proposition (closing the deal) to the business prospects

High-performing
Treasury Management
salespeople apply the
tools of consulting to
achieve success using
pre-call planning,
cost/benefit analyses,
funds flows, pro forma
analysis, & intellectual
capital (prior
experiences &
knowledge)

Top 10 Characteristics of Top 1% of TM Sales Performers

Goal Oriented
(high goals
with personal
high
expectations)

Creative (one size seldom fits all) Self-Starter (always thinking about how to advance sales & how to grow their "funnel")

Compassionate
(truly care
about their
prospects, their
brand, their
reputation & all
those who help
them to deliver
their solution)

Ownership Mentality (accountability for their results whether good or bad)



















Ability to
Persevere
(not a
profession
for those
who don't
love a
challenge)

High Emotional
Intelligence
(especially
important in
complex sales
process with
multiple buying
influences – ability
to change & modify
how they carry
themselves to build
trust)

Growth
Minded
(focused
on
learning &
improving
sales
skills)

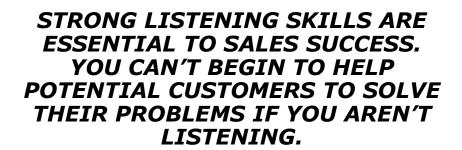
Passionate
(big reason
why people
like to buy
from them is
their display of
genuine
passion from
the 1st
interaction to
the closing)

High "Coachability" (desires feedback & personal improvement tips)

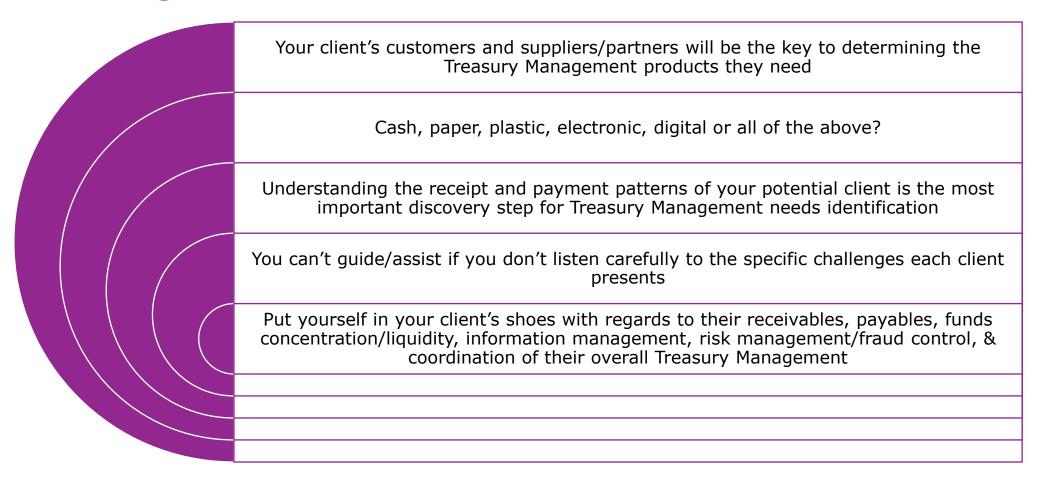
☐ "Please Don't Let Me Be Misunderstood" ☐ The Animals 1965

* Barlow Research 7/2020

- Only 39% of businesses think that their banks understand them
- 90% of businesses wish that their banks understood them



Guiding TM Clients to Solutions

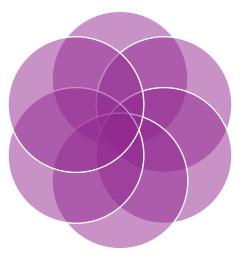


Why Do Prospective Customers Buy Bank Products?



Scheduled RFP (Request for Proposal)

Money (earn interest or save expenses)



Relationship issues

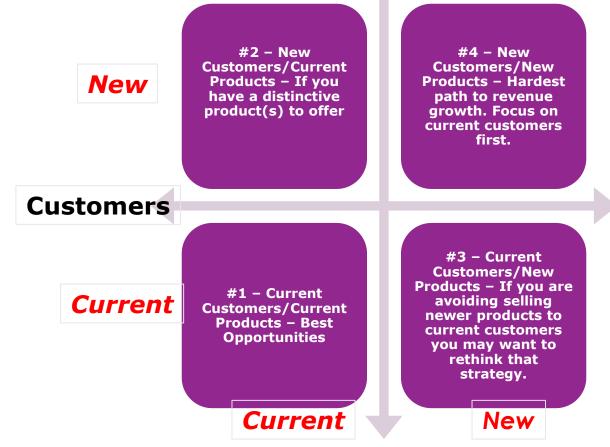
Credit – New or renewal

Specific product request or need

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4 Paths to Revenue Growth – A Classic 2x2 Matrix Products



Internal Prospecting Tips (Underserved Customers?)

High-Volume
Deposits (more than 10 per month)

High-Volume of Deposited Checks (more than 10 per deposit)

Large or
Frequent Sums
of Cash
Deposited (Are
there other safer &
less costly receipt
options?)

High-Volume of Checks Paid (more than 50 per month) High-Volume of
Incoming
Electronic
Credits (may
indicate merchant
services
processing
elsewhere or
movement of
funds from/to
another bank

Recurring High-Dollar ACH Debits (may indicate a thirdparty payroll service) Incoming or
Outgoing
International
Transactions
(may indicate
need for ACH
and/or Wire
services as well as
traditional
International
products

HINT: Account
Analysis will
provide this
valuable data to
aid in
discovering
underserved
customers and
potential
Treasury
Management
prospects

Prospecting Tips

<u>Third-Party Referrals</u> (from an existing client or professional – "Sue from XYZ suggested that I contact you")

<u>Industry Experience & Expertise</u> ("Over the past few years, I've worked with a number of businesses/organizations like yours & I'd like to discuss some of these ideas with you"

References (from the company website, the news or publication – "I saw on your website that you do..."

New Situations or Products/Services (something that provides value – "We recently enhanced our XYZ product to provide (specific industry) with new benefits")

<u>Send a Letter or Email Prior to Calling</u> (tailored to the prospect's situation or industry, send out a limited number to allow for follow-up, be specific as to when you will call & then do it)

Treasury Management Focused Selling

Facts tell – stories sell! Steer questions to paint a picture or tell a story.

demonstrate value to meet the specific needs of the prospect

What's in it for me?

You have to

Teamwork and Homework will win the day! Be prepared in advance for your prospect meeting **Ensure that all** team members are also prepared Have a plan **A GOAL** WITHOUT A **PLAN IS ONLY** A WISH!

Why don't we succeed in Treasury **Management** sales? Poor Salesmanship No Credit Extended Financial benefit is not compelling **Politics**

Other reasons?

What can we control?

Treasury Management Focused Selling

Pre-Call Planning is essential to your success in TM sales whether virtual or in person

Do your research/homework. Learn as much as possible prior to the call.

Seek out companies that align with your strongest customers

Set a reasonable goal(s) for the call - (could be to keep calling)

Use a targeted email (or letter) for initial contact with a request for a virtual meeting

Be Prepared, Be Brief, Be Meaningful, Be Aware and Be Strategic – No one has time to waste

"Poor planning on your part does not necessitate an emergency on mine"

Treasury Management Focused Selling

"Second Prize" - During the sales process you have identified the customer's needs & developed a prioritized list of potential product solutions. Even though you might not close the deal you were hoping for, you have created a "sales friendly" atmosphere. You can be comfortable asking for a "Second Prize". If things don't work out as expected with the "First Prize" winner you can be the second choice. At the very least you need to get permission for ongoing calling contact.

"Second Prize" is particularly important in developing a new relationship. Getting started with a piece of the pie is better than having no pie!

The **"Post-Mortem"** is a concept that helps you to be your best & to continually improve. Whether you win or lose the sale, get in the habit of checking for feedback. You might not always get it, or want it, but ask. Ask why did you choose us for this? Ask why you did not choose us? Learn & improve and share your discoveries with your management team.

Lunch Break

Please be back in 45 minutes 🚳

Deposit Trends – A Direct Effect on TM Sales

Shifting Demographics -

The power of the Baby
Boomers is declining as
millennials become the
dominant demographic group.
They appear to have lower
excess dollars to keep on
deposit and are apt to use
Starbucks type cards and/or
Venmo. The emerging Gen Z
group likely offers an additional
& different set of challenges.

Faster Payments -

Businesses are expecting faster payments with round-the-clock settlement and the Fed is working to accomplish this. The impact will be that dollars in DDAs will be there for a shorter time.

What can you do?

- Put someone in charge of deposit acquisition/Consider a deposit-only sales staff
- Focus on current customers first (retention is far less expensive)
- Revisit your product set (how are you going to attract new depositors)
- Emphasize/Target deposit-rich customer segments
- Review, measure, react and reinvent quickly to ensure success

Deposits & Treasury Management – A Perfect Marriage



All banks can benefit from a cohesive product packaging & pricing strategy



Although the bundling of basic information reporting & other TM products with a basic business DDA is now common, this has a negative effect on the bank's ability to gain service fees. TM products are an expense that the bank hopes to recover plus a profit so the packaging of products needs to reflect this goal.

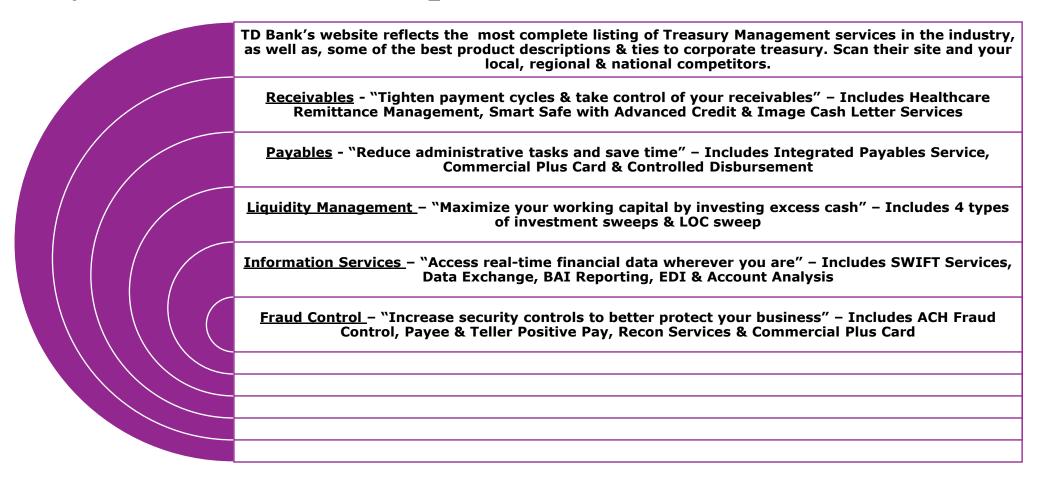


This is where the acquisition of business deposit accounts, the sale of TM products, product bundling/packaging & pricing intersect with target market strategy & calling program management.



Employee training & development as well as compensation should be tied to the overall strategic goals for the retention & expansion of business relationships.

Pay Attention to Competitors & Learn



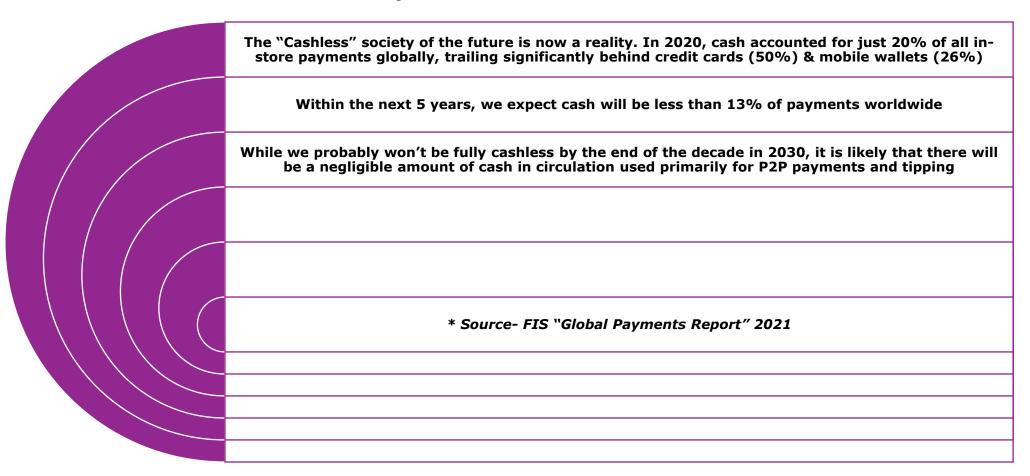
Competing with Focus on Verticals

Focused banks outperform others with segments/verticals/niches because of:

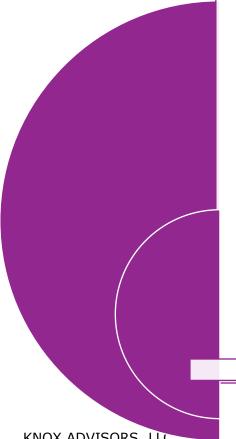
- •Lower Origination Costs
- •Higher Risk Quality & Reduced Costs
- •Relationship Based Pricing
- •Sustainable Customer Relationships

Criteria for choosing segments/verticals/niches:

- Demographic
- Industry Sector
- •Company Turnover/Company Lifecycle
- Loan Type
- •Linkages to Current Customers



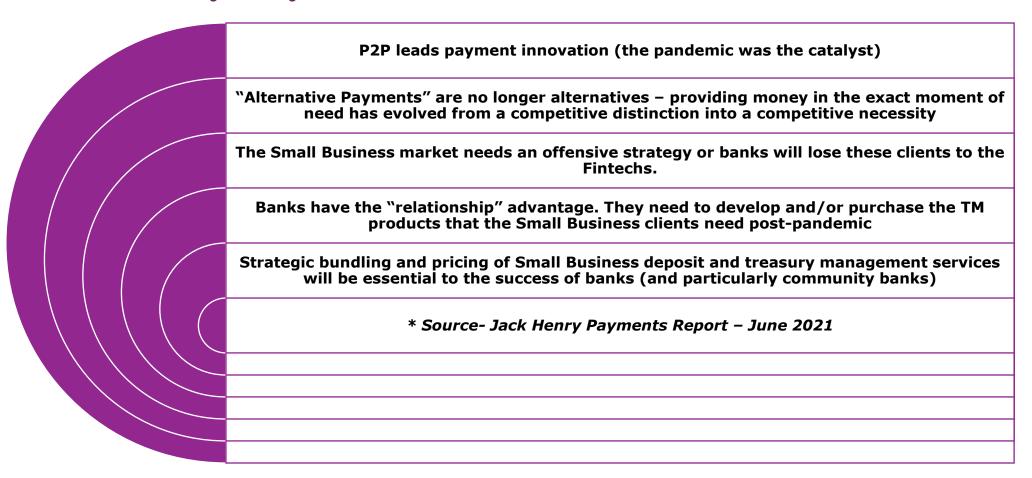
Trending Payments & Solutions – "Retail" Competitors



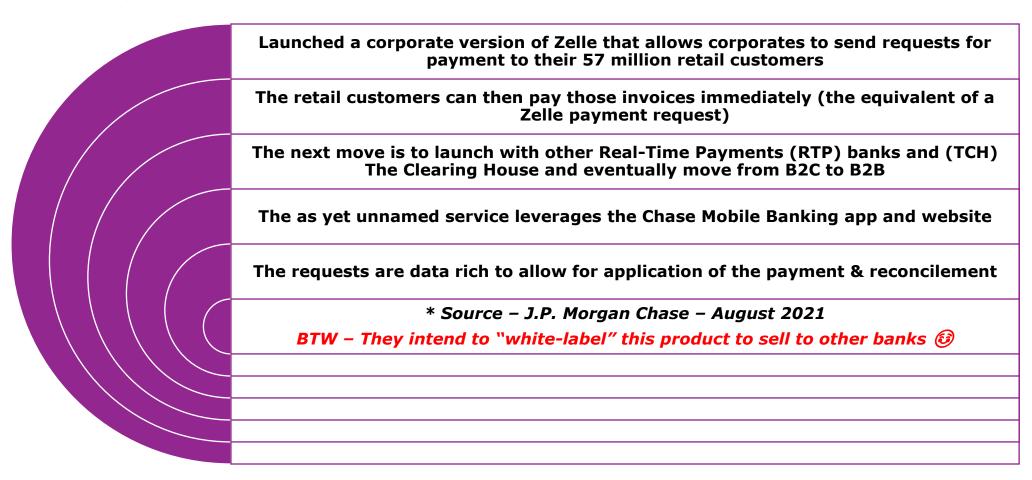
Walmart

- Average consumer "visits" 30 times/year
- Partnered with InComm Payments to offer bank accounts online and at 9,000 retail stores
- Teaming with "Ribbit Capital" to develop lending, digital payments & a mobile "super app"
- •80% of the US population lives within 5 miles of Walmart
- Already have customer loyalty & brand recognition
- Walgreens & others are also forming banks
- Banks need to watch this consumer trend & know that it will move to the small business clients in short order

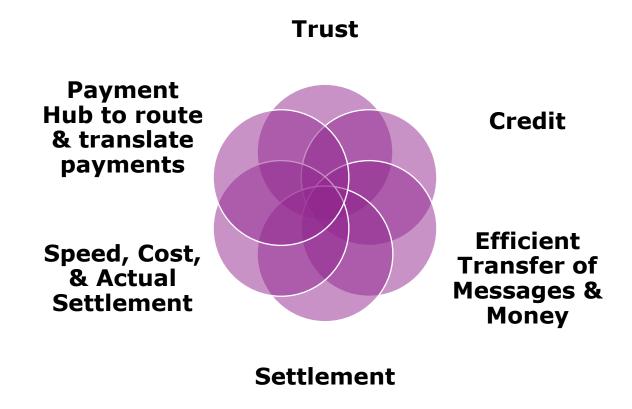
Trends Shaping the Payments Industry – Jack Henry Payments



Trends Shaping the Payments Industry – RTP (JPMC)



Setting Your Strategic Course – The Future of Payments



Setting Your Strategic Course – Treasury Management & Payments (Rogers & Astaire)

Payment Hub:

- As impactful as credit cards
- Revolutionary connects various channels & forms of payments into a single payments engine
- API (Application Programming Interface) sends & receives funds through the hub
- Backbone for future banking

Payment Vision:

- Be inclusive of all forms of payments
- Should be part of your strategic plan
- Build it, partner with an existing hub, or combine both approaches & augment an existing hub with proprietary bank technology

Challenges & Opportunities

What do you need to succeed?

What keeps you up at night?

"I'm Going To"

Check my troubles at the door before I begin working each day

Learn a new "something" every day

Look for "second prize" in every sales opportunity

Pulling It All Together

Identify your competitors (local, regional, national & non-banks)

Develop a coordinated Treasury Management/Business Deposit calling strategy that drives new client growth & retention of current clients by focusing on your unique strengths

Market products based upon your organization's overall strategic goals that should include specific industry types and sizes

Identify niche markets and/or vertical markets

Search for trending/unique products that complement your chosen market(s)

Pulling It All Together

Package and price products as part of your global view of business development

Covering costs vs. turning a profit

Client profitability modeling?

Prepare to "sunset" products and/or substitute new products as both the client preferences and/or bank's strategic direction evolve

Strategic calling programs are a journey not a destination. It takes time, patience, and flexibility to achieve success

How'd We Do? - Our Goals for Today

Join In, Share & Have Fun

Sharing Our Best Practices
Learning from Others

Top Treasury Management Sales Tips (Acquiring, Retaining & Expanding Relationships)

Trends Shaping Payments
Setting Your Strategic
Course

Wrap Up, Questions, Comments

Remember why prospects buy bank services Retaining & Expanding existing customers is your first/best "prospecting" strategy

Business Deposits and Treasury Management Services are linked Deposit
acquisition
continues to
challenge
banks but TM
product sales
are essential
to retaining &
acquiring
funds

Know your competitors Keep up to date



















Top Sales Performers are Consultants and Excellent Listeners Look for "Second Prize" opportunities and do a "Post Mortem" to improve your skills Set a strategic course that includes all payment options

Stay Informed

(AFP) Association for Financial Professionals (www.afponline.org)

Strategic Treasurer (www.strategictreasurer.com)

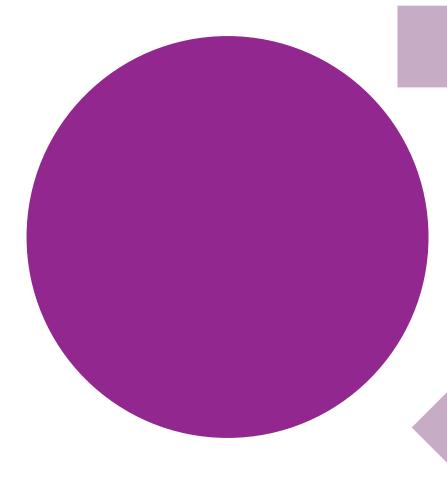
NACHA (<u>www.nacha.org</u>)

Barlow Research (<u>www.barlowresearch.com</u>)

KNOX ADVISORS, LLC

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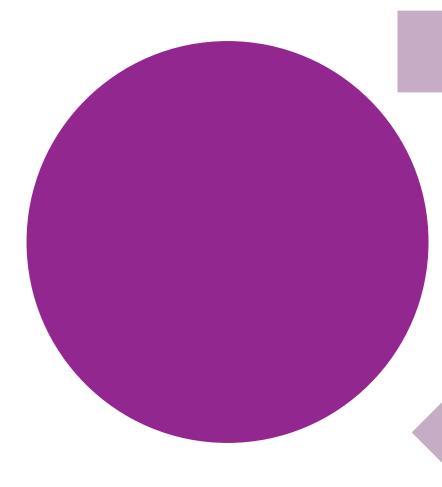
PLANNING



"Poor planning on your part does not necessitate an emergency on my part."

• Deb Knox (paraphrased)

STRATEGY



"However beautiful the strategy, you should occasionally look at the results."

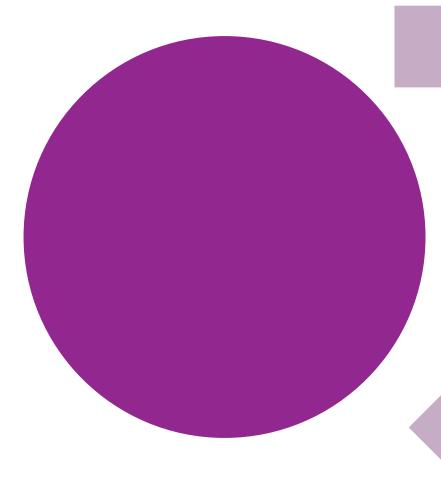
• Winston Churchill

PERSEVERANCE DEFINED

"Perseverance is the hard work you do after you get tired of doing the hard work you already did"

• Newt Gingrich

SUCCESS



"Success consists of going from failure to failure without loss of enthusiasm"

• Winston Churchill

THE LAST LECTURE - Randy Pausch

"The Last Lecture" by Randy Pausch passes on his life's wisdom while he was dying of pancreatic cancer. It is a great treatise on the value of overcoming obstacles.

"Experience is what you get when you don't get what you want."

Virginia Bankers Association

"Treasury Management Advanced Perspectives"

Thank you for your participation today!

KNOX ADVISORS, LLC Treasury Management Advisory Services Debra E. Knox, CCM 717.468.1227