

Virginia Bankers Association

“Treasury Management 101”

April 19, 2022

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Let's Get Started – Our Goals for Today

Join In, Share & Have Fun

Payments/Cash
Management/Treasury
Management – What is it &
how do these products
provide value?

How are these products
evolving & who is our
competition?

How can you guide your
business customers &
prospects to the right TM
solutions? (*Best Practices*)

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.

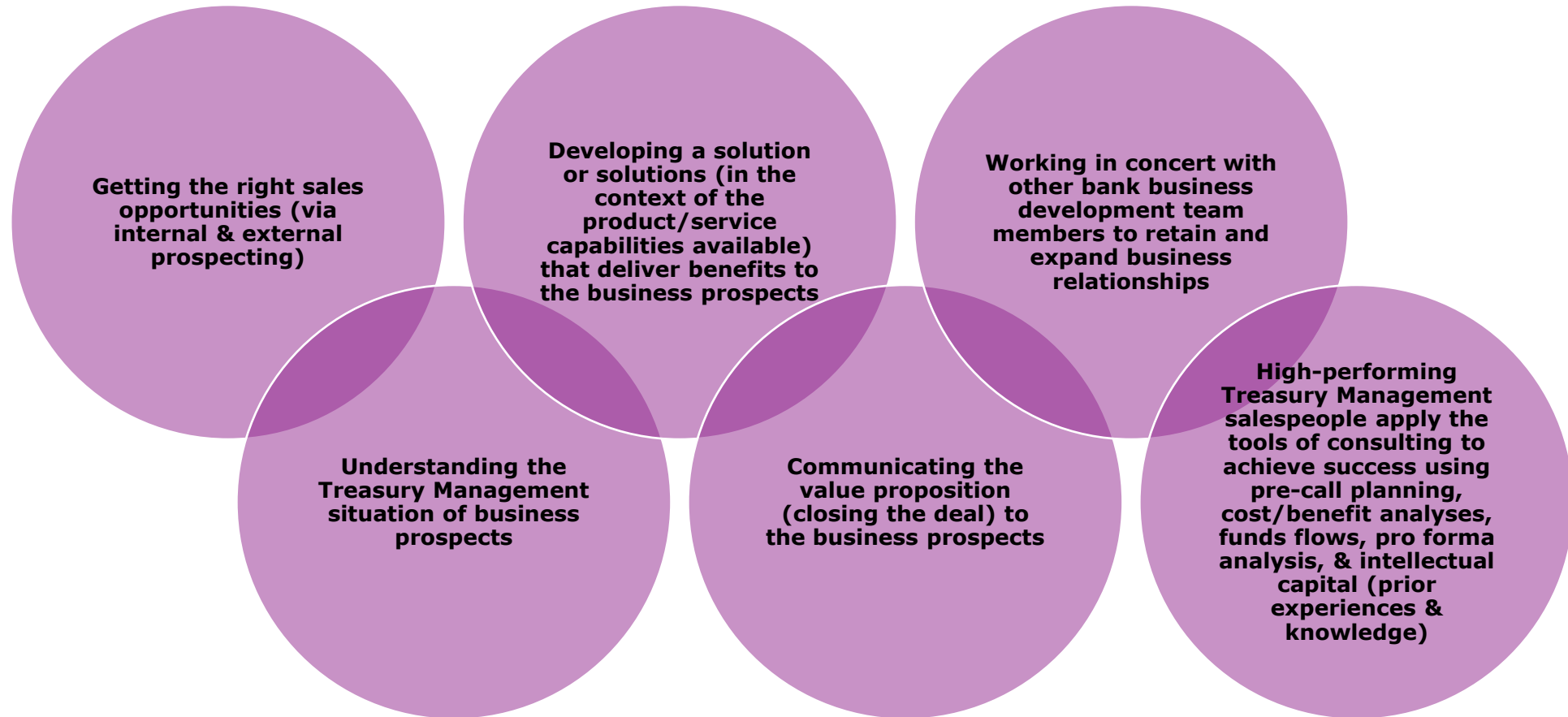
Feel free to share your goal for today's session or any other tidbits that the group may benefit from.

Tomato vs Tommato



- 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.

Treasury Management Sales Professionals



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

Treasury Management – 1990s to present

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

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

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

How Did We Get Here?

GC

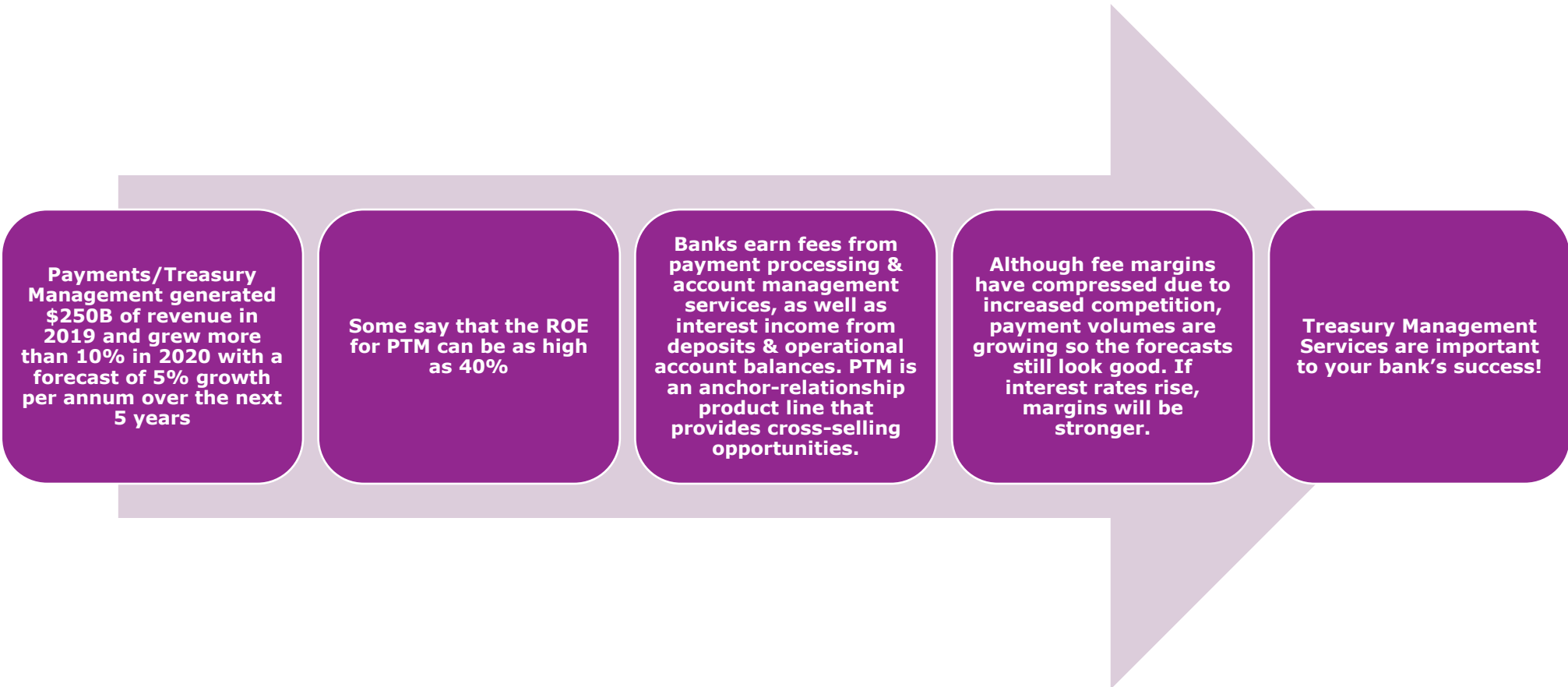
The September 11, 2001 national disaster prompted "The Check Clearing for the 21st Act" or "Check 21"

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 in-person 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?



“Treasury Management at a Crossroads”*

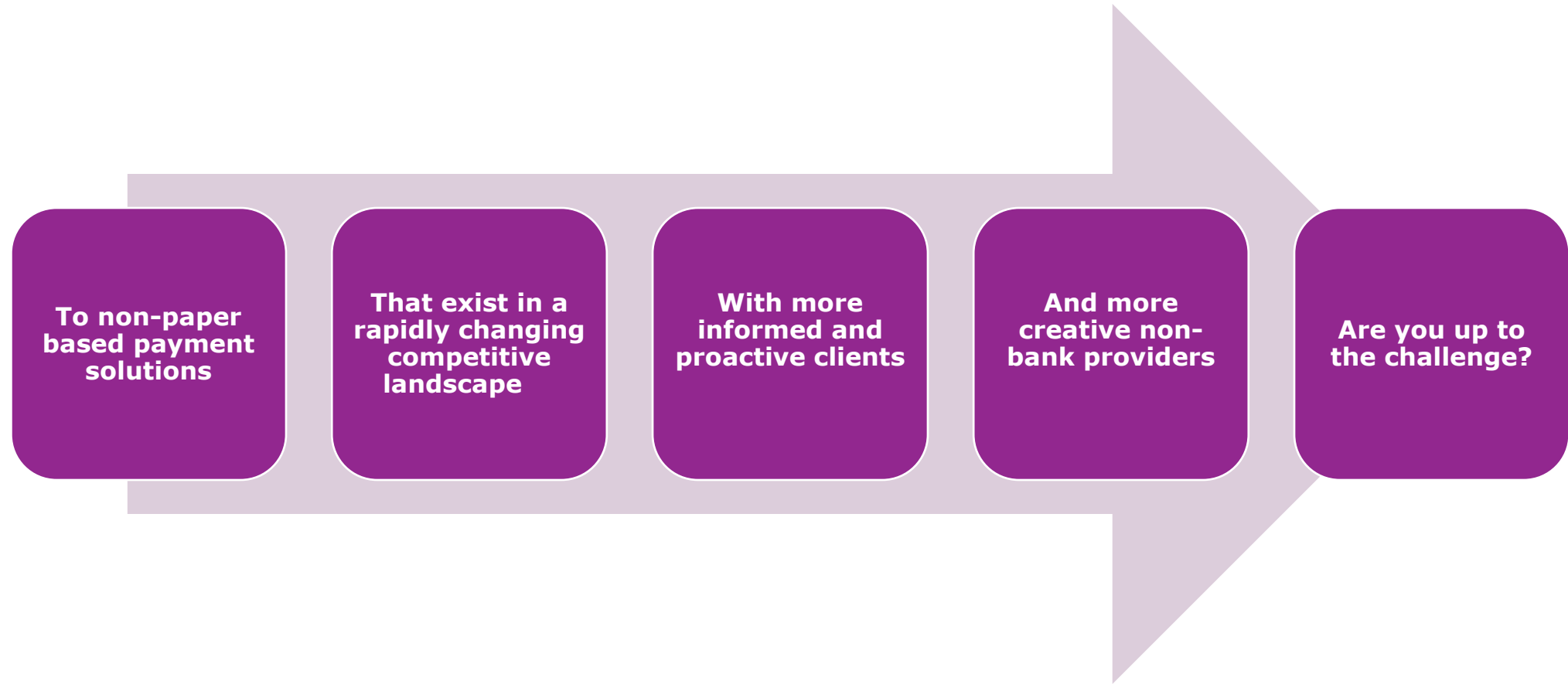
1/28/2020 –
*Webinar
conducted by
Deluxe Treasury
Advisory Services
and Capital
Performance
Group with results
of bank/corporate
survey

“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”.

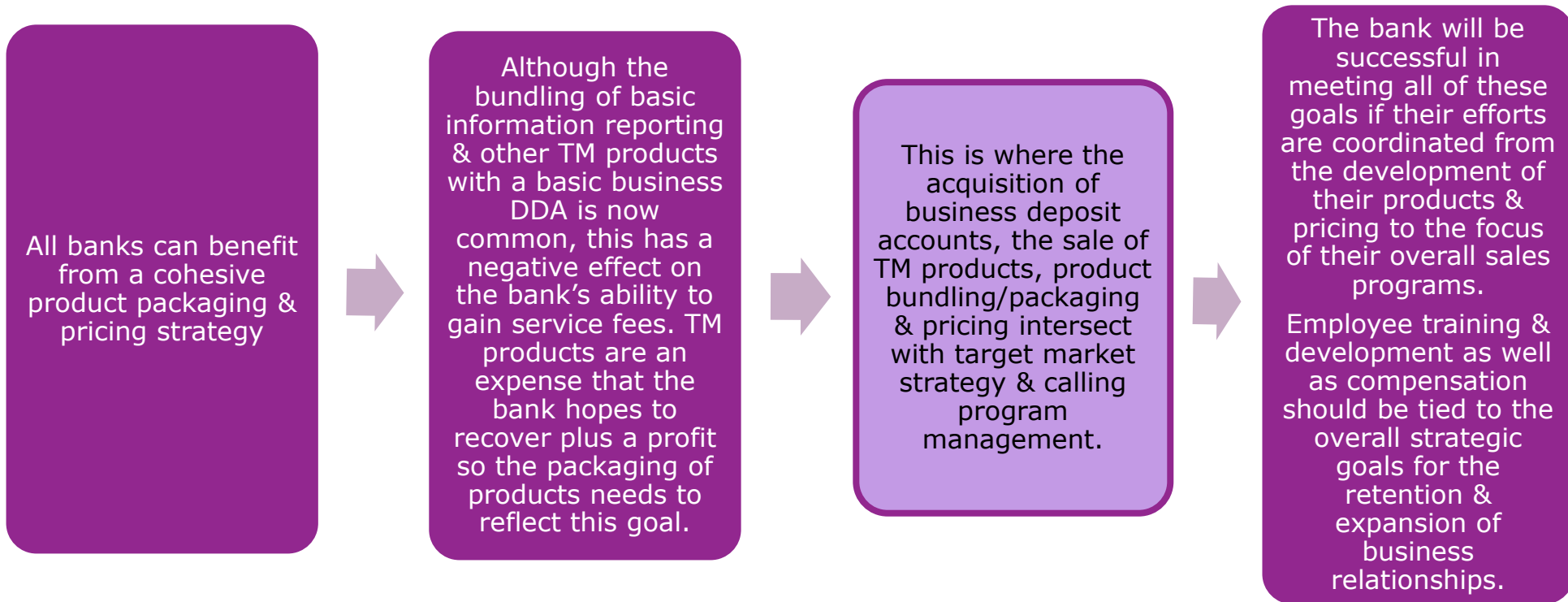
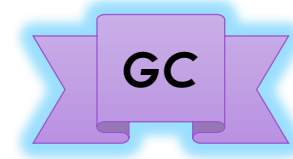
“You don’t get
commercial
deposits if you
don’t do Treasury”

“Today’s Treasury
is a self-sustaining
line of business
that is strategic
and generates
clients, deposits,
revenue and
value”

Where Are We Going?



Deposits & Treasury Management – A Perfect Marriage



What's In Your Wallet?



- Cash, debit card, credit card, Apple Pay, check ??
- C2B payments drive business clients' service decisions/choices as much as B2B payments do
- Businesses of all sizes are impacted by their clients payment choices
- Our job as Treasury Management professionals is to help them to choose TM products that meet their needs based upon their clients, their industry, their internal financial management and reporting requirements
- It's an important job!

Treasury Management Basics

Collections/Concentration (Accounts Receivable)

Disbursement (Accounts Payable)

Funds Management & Liquidity (short-term investing and/or borrowing)

Information Technology & Fraud Control Management (ties that bind)

Risk Management (both funds and data)

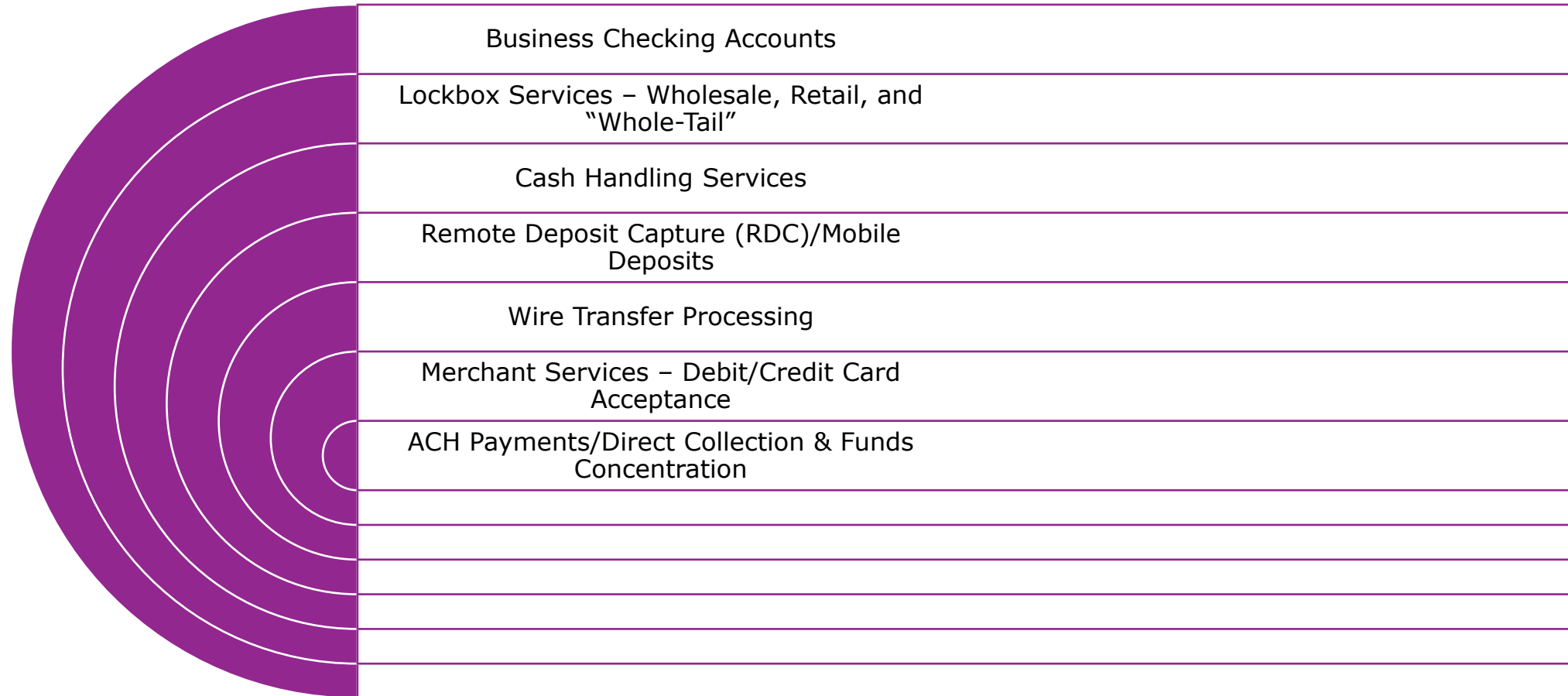
The role of the corporate Treasury Manager usually includes all of the above plus cash forecasting, borrowing, bank relations, management reporting and budgeting.

Note: A corporate Treasury Manager may be the CFO, VP Finance, Controller, Accounting Manager, or President/Owner depending upon the size of the business.

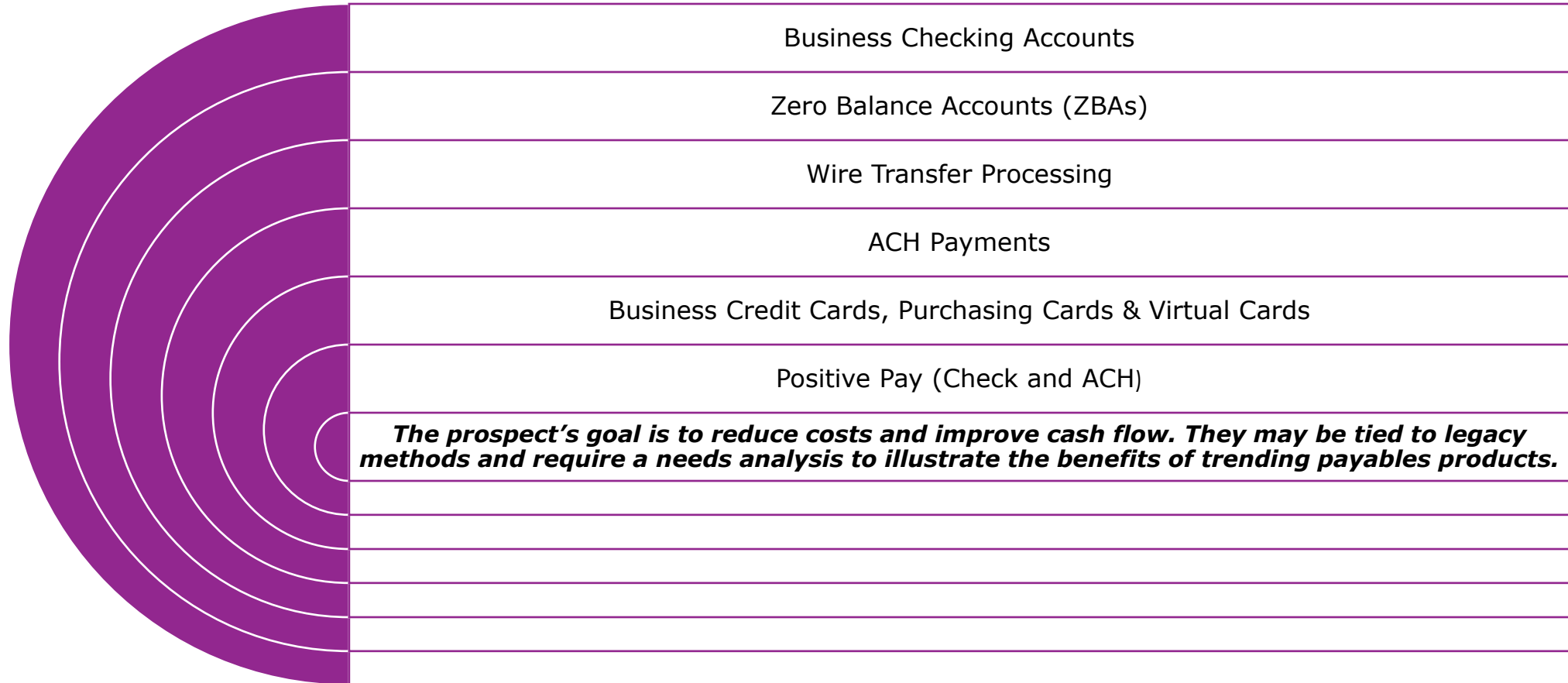
First Break

Please be back in 15 minutes 😊

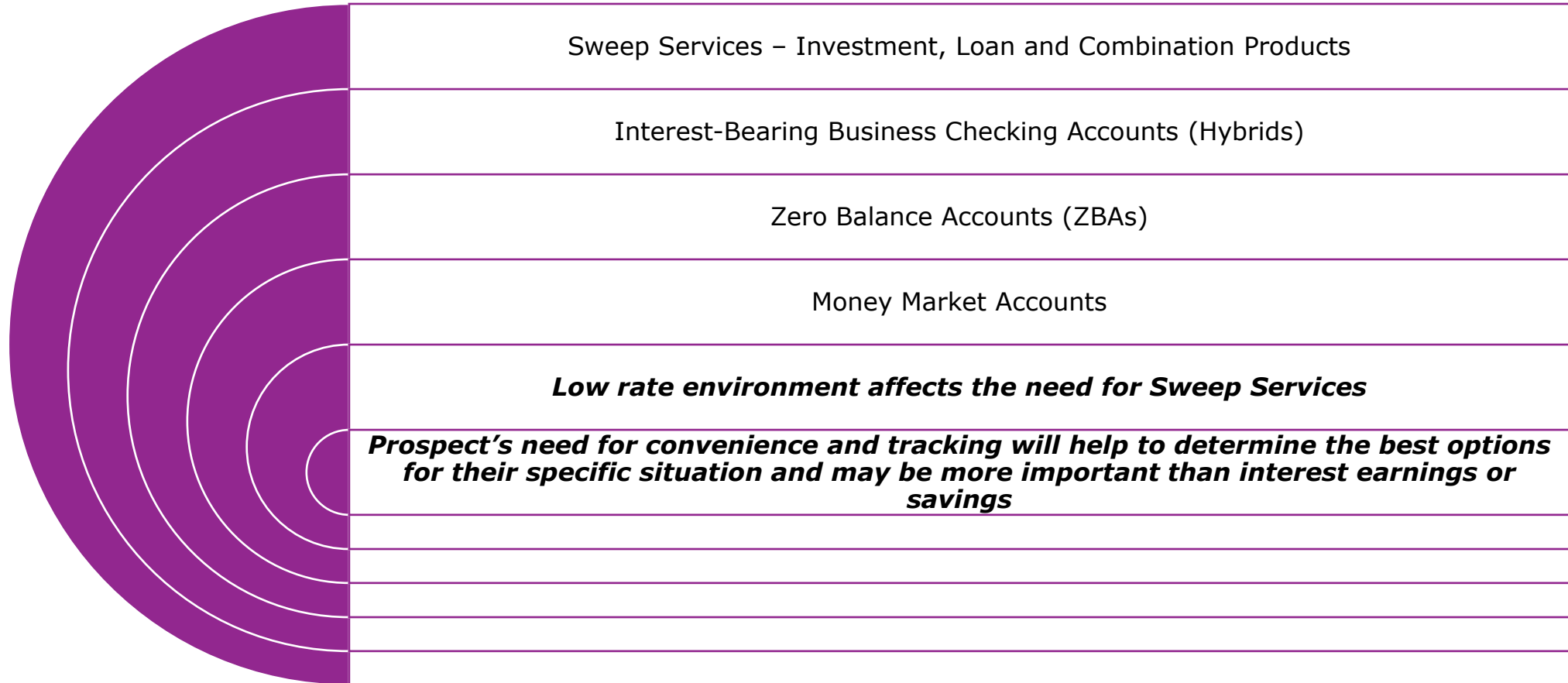
Collection, Concentration & Receivables



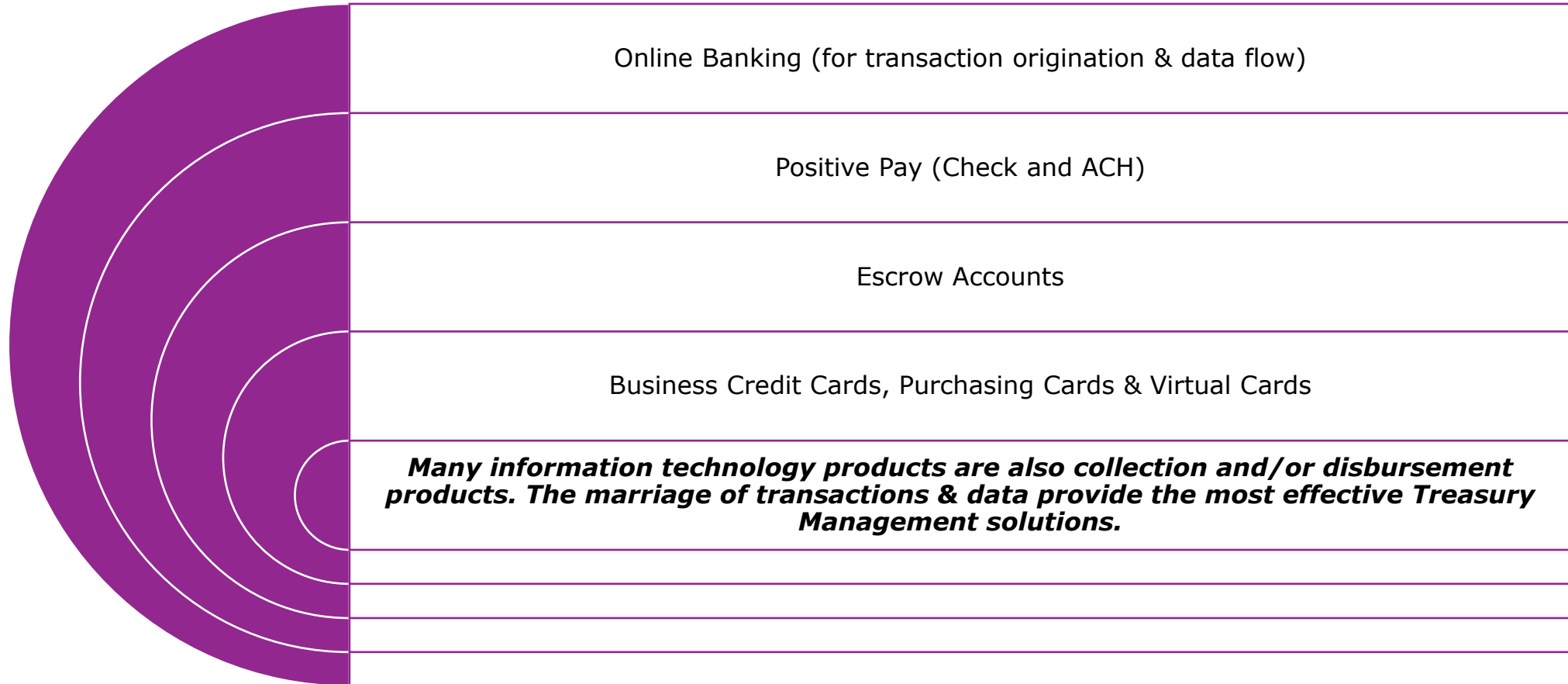
Disbursement/Payables Products



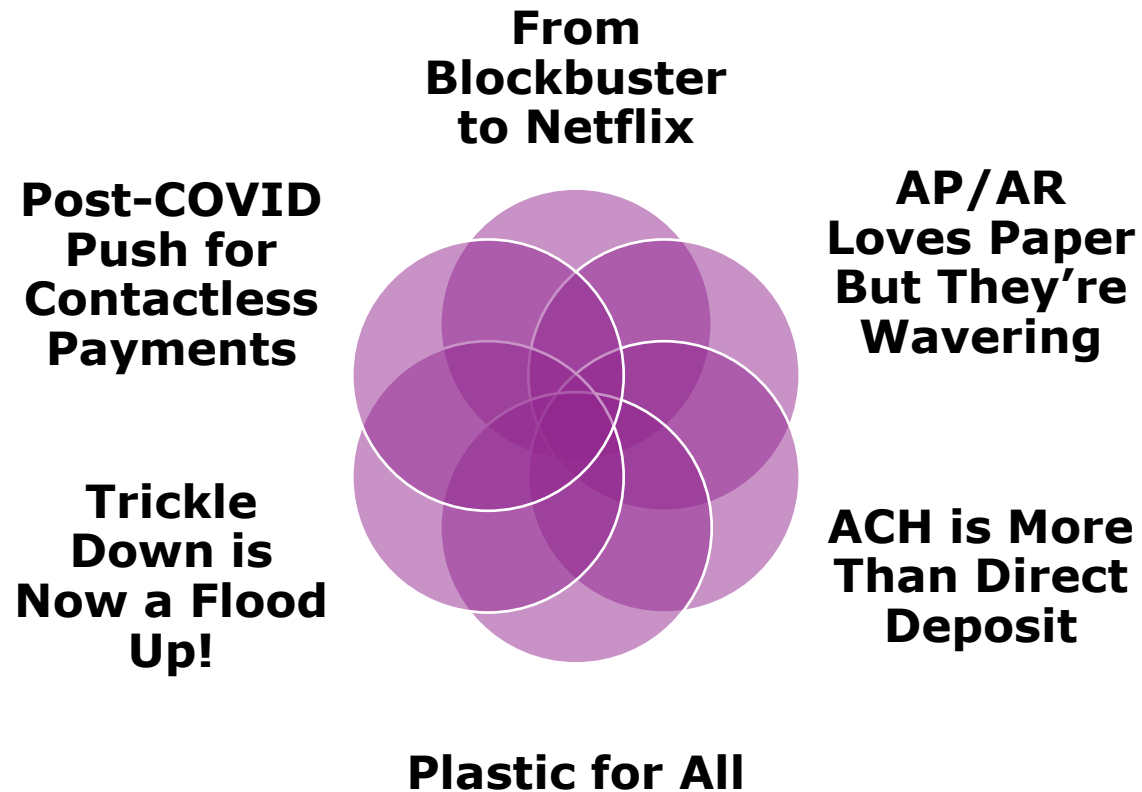
Funds Management & Liquidity Products



Information Technology & Fraud Control Management



Product Direction/Transitioning From Paper to ?



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

- ☐ **ACH Origination (Collection and/or Payment)/Same-Day ACH**
- ☐ **ACH Positive Pay and/or Blocks/Filters**
- ☐ **Business Credit Cards**
- ☐ **Merchant Services**
- ☐ **Mobile Deposit/Remote Deposit/Online Banking**

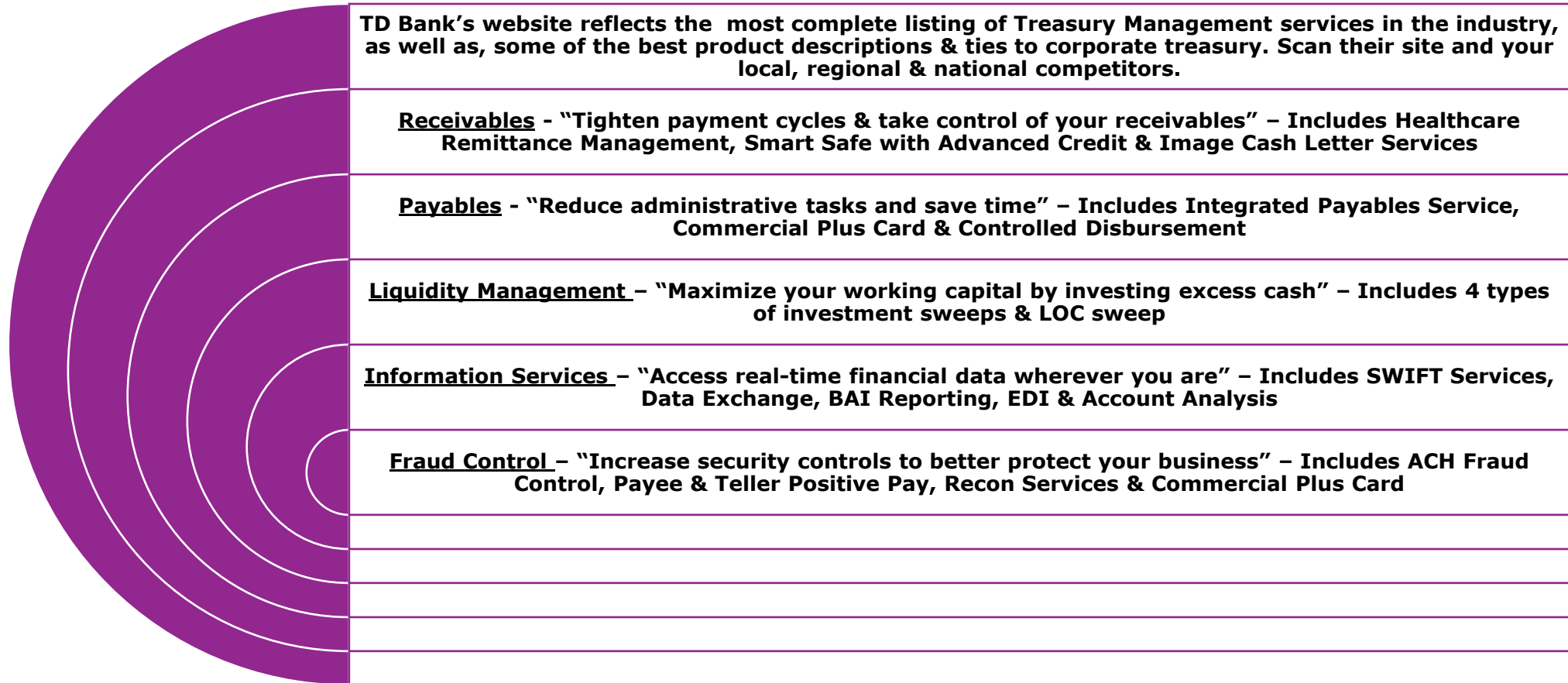
Poll Question: Thinking about the past 12 months, what Treasury Management Service(s) was not requested at all (or very infrequently)?

- ☐ **Account Reconciliation**
- ☐ **Cash Vault Services and/or Smart Safe**
- ☐ **Lockbox Services (Retail and/or Wholesale)**
- ☐ **Sweep Services (Investment)**
- ☐ **Wire Transfer Origination**

Second Break

Please be back in 15 minutes 😊

Pay Attention to Competitors & Learn



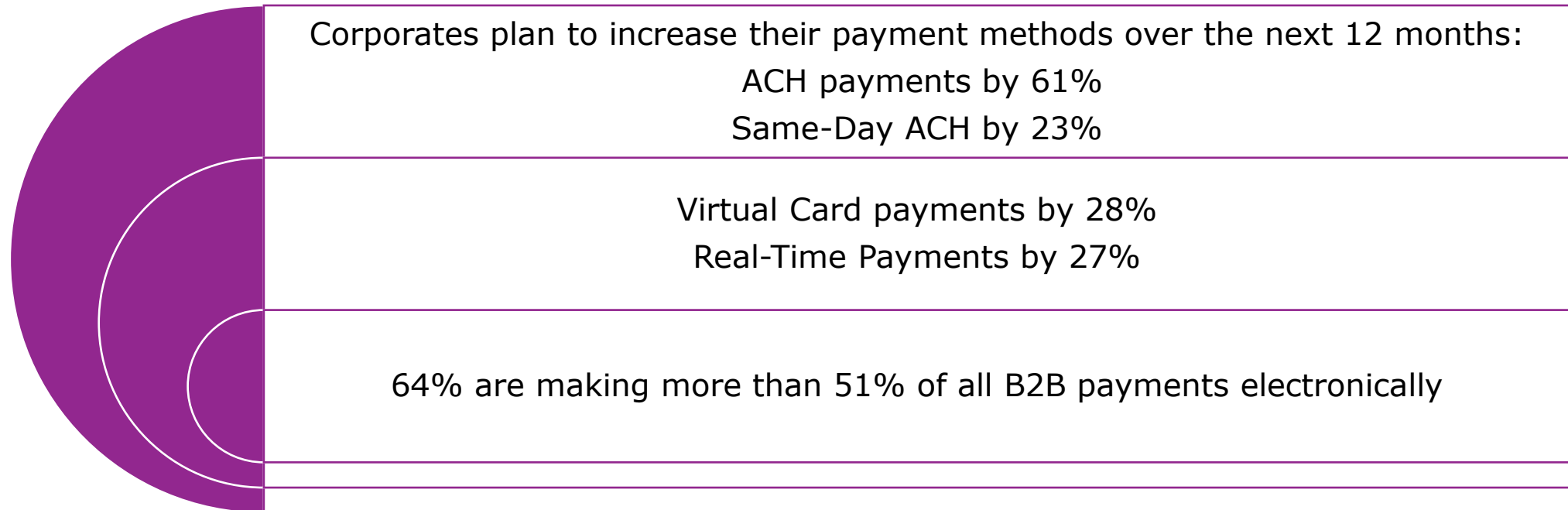
Trending Payments & Solutions

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

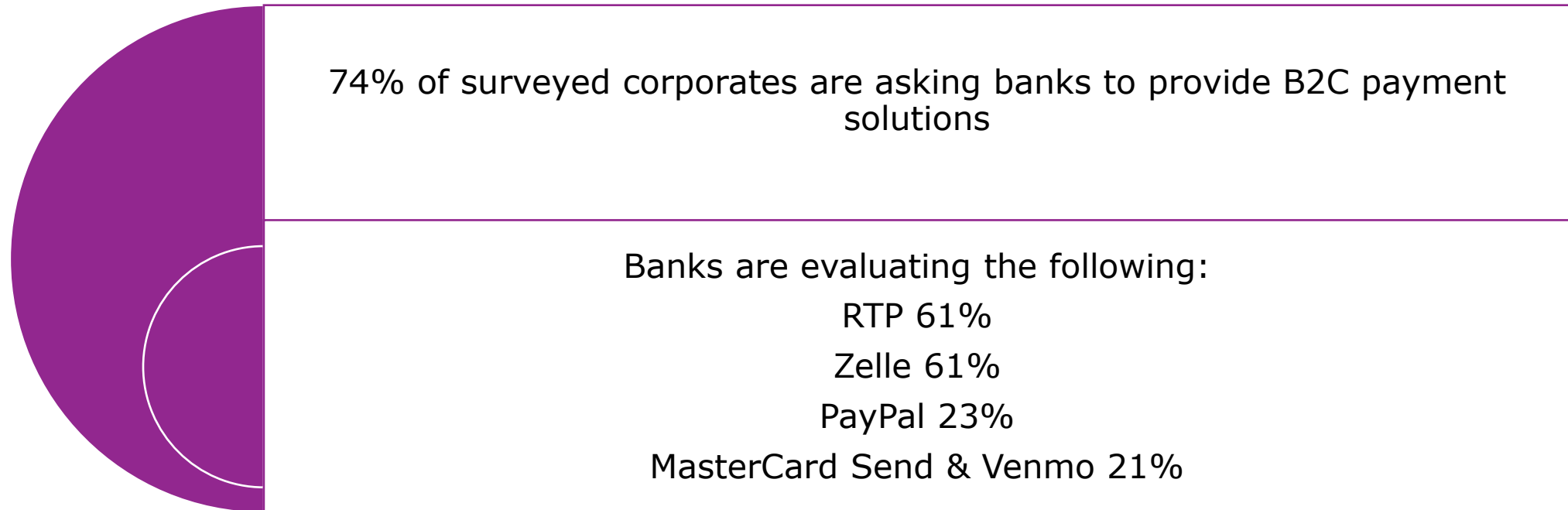
A faster horse doesn't win in banking anymore. We need product alternatives that work for our specific markets.

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!

Trending Payments & Solutions – 2021 Strategic Treasurer B2B Payments Report



Trending Payments & Solutions – 2021 Strategic Treasurer B2B Payments Report

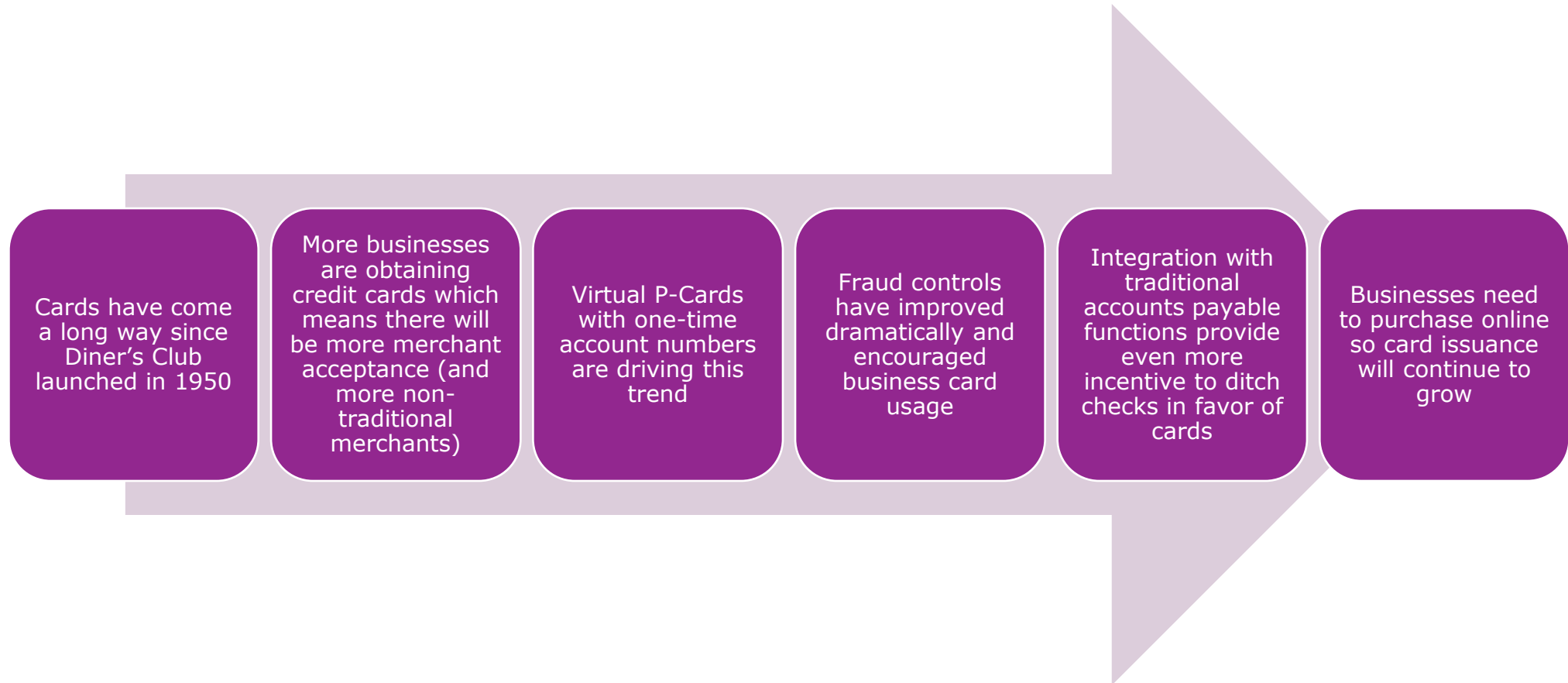


Trending Payments & Solutions- FedNow Pilot

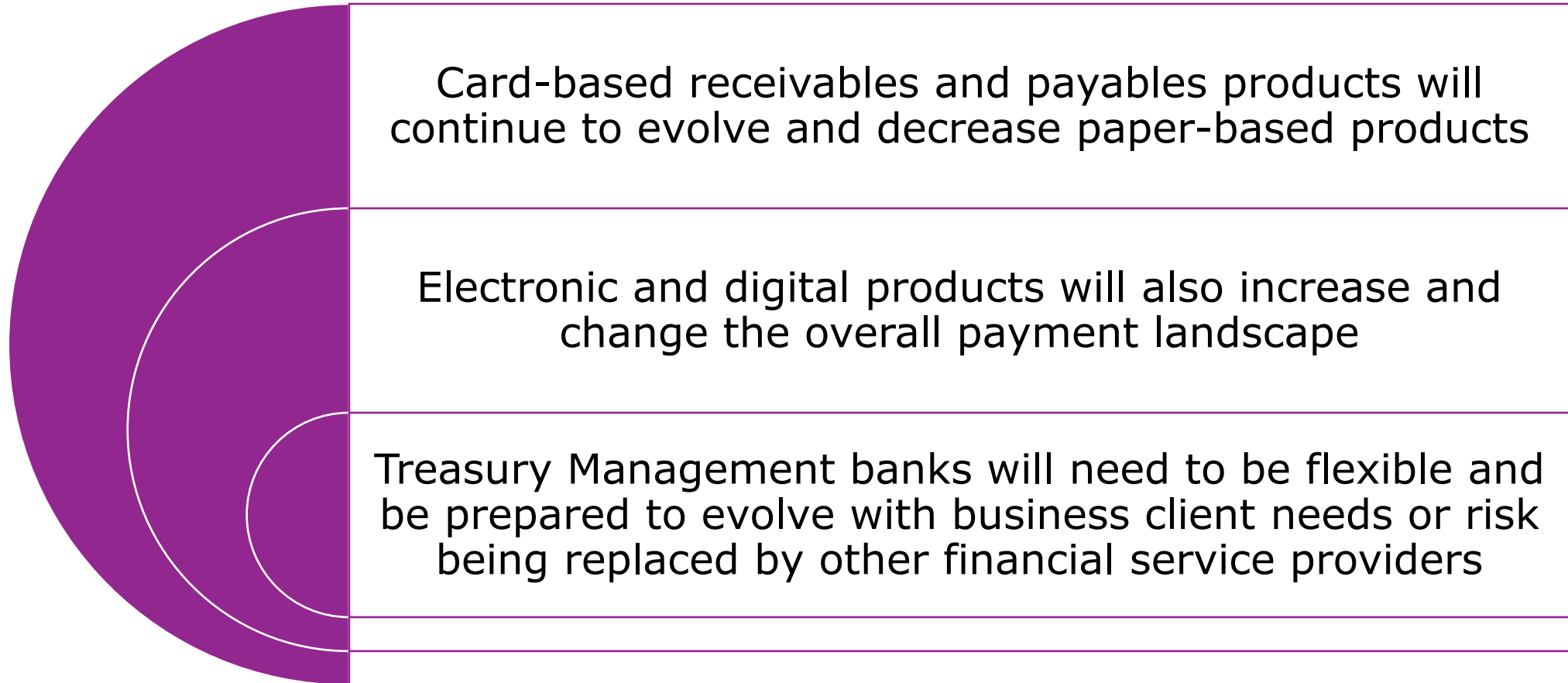
January 25, 2021 – Federal Reserve Bank announced a pilot program with 110 participants to support FedNow.

Goal to provide around the clock payments through financial institutions using the FedLine network. There is surely pressure on the Fed to counter the movement of payments from wire to ACH. Projected launch date is 2023.

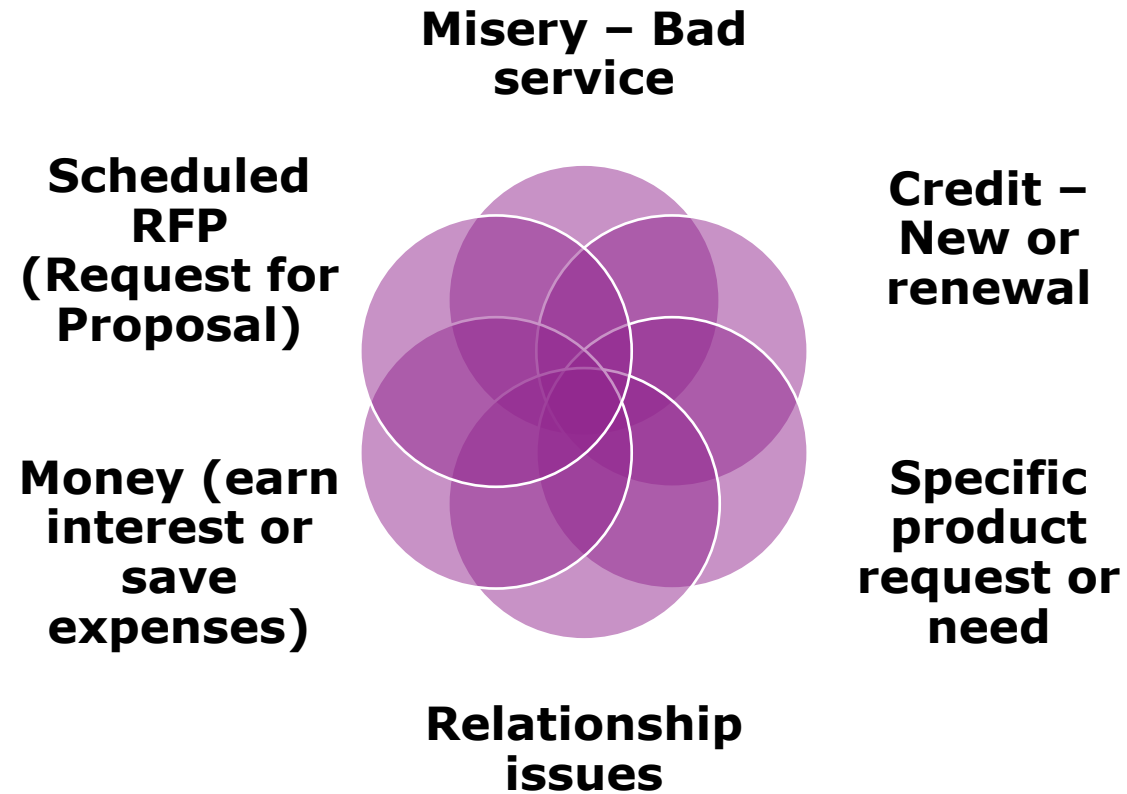
Trending Payments & Solutions – Business Credit Cards



Trending Payments & Solutions – The Beat Goes On!



Why Do Prospective Customers Buy Bank Products?



♪ “Please Don’t Let Me Be Misunderstood” ♪

The Animals 1965

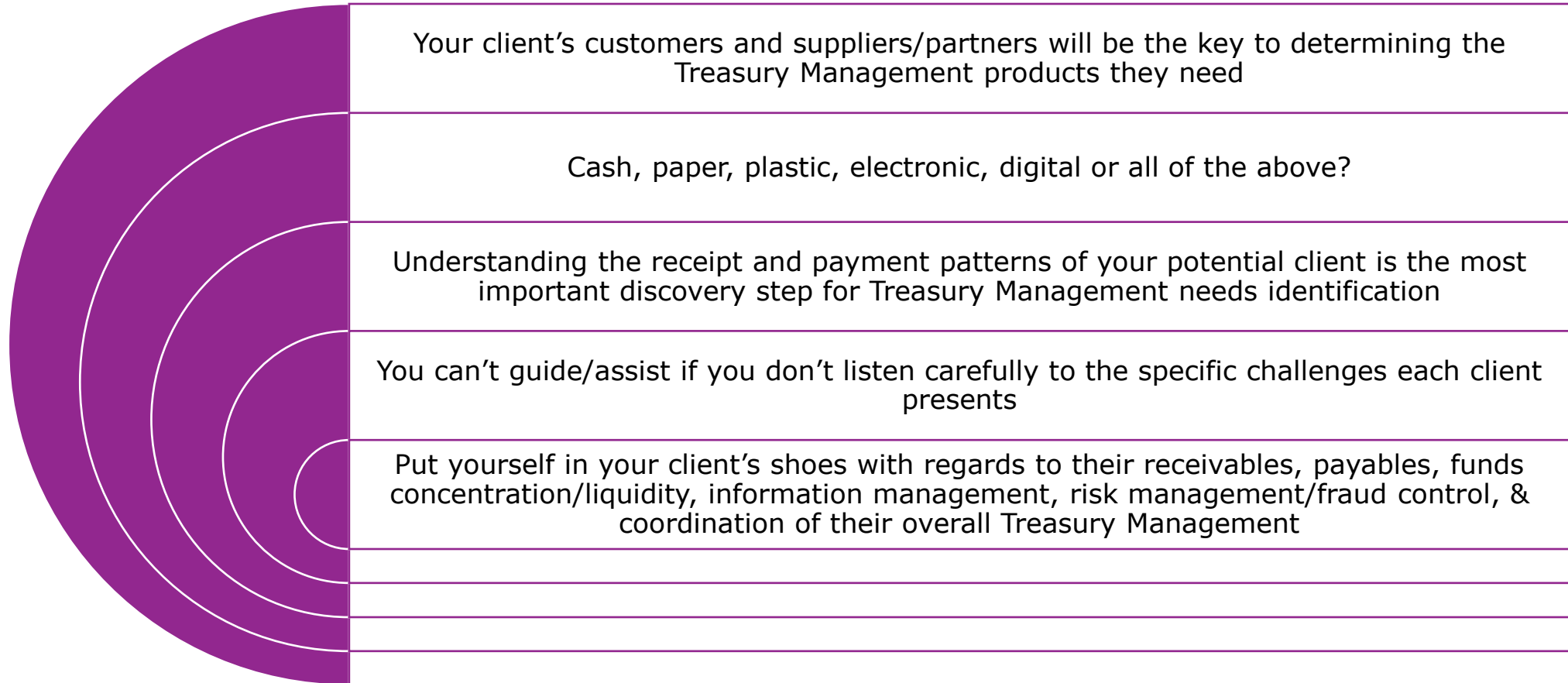
* **Barlow Research 7/2020**

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



**STRONG LISTENING SKILLS ARE
ESSENTIAL TO SALES SUCCESS.
YOU CAN'T BEGIN TO HELP
POTENTIAL CUSTOMERS TO SOLVE
THEIR PROBLEMS IF YOU AREN'T
LISTENING.**

Guiding TM Clients to Solutions



BAI Executive Strategies Report (10/21)

- "A mere 2% increase in customer retention delivers the same financial benefit as a 10% cost reduction"
- "Banks come up short in tracking/managing the less obvious attrition – a silent attrition that may go unnoticed. It's the decrease in customer engagement and the slow decrease of account balances by legacy clients."
- "Acquiring new customers can cost 5 times more than retaining existing ones"

Note: Use your account analysis system to prospect internally

Prospecting Tips

Third-Party Referrals (from an existing client or professional – “Sue from XYZ suggested that I contact you”)

Industry Experience & Expertise (“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”)

Send a Letter or Email Prior to Calling (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

Why don't we succeed in Treasury Management sales?

Poor Salesmanship

What can we control?

No Credit Extended

Financial benefit is not compelling

Politics

Other reasons?

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

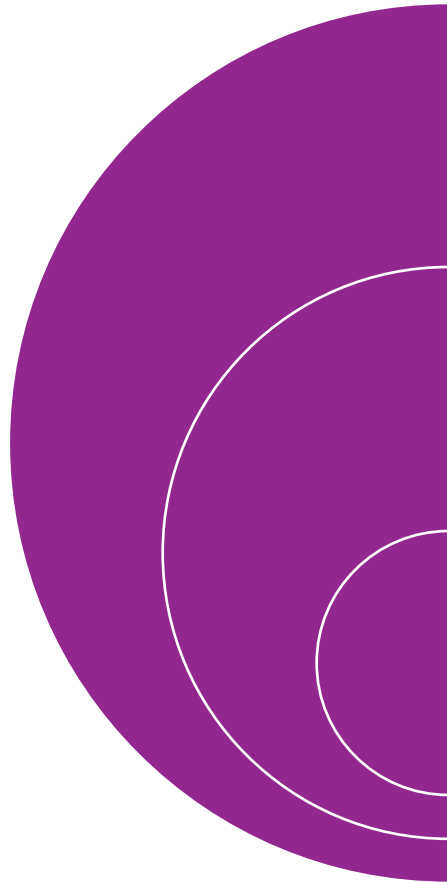
Set a reasonable goal(s) for the call - (could be to keep calling)

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.

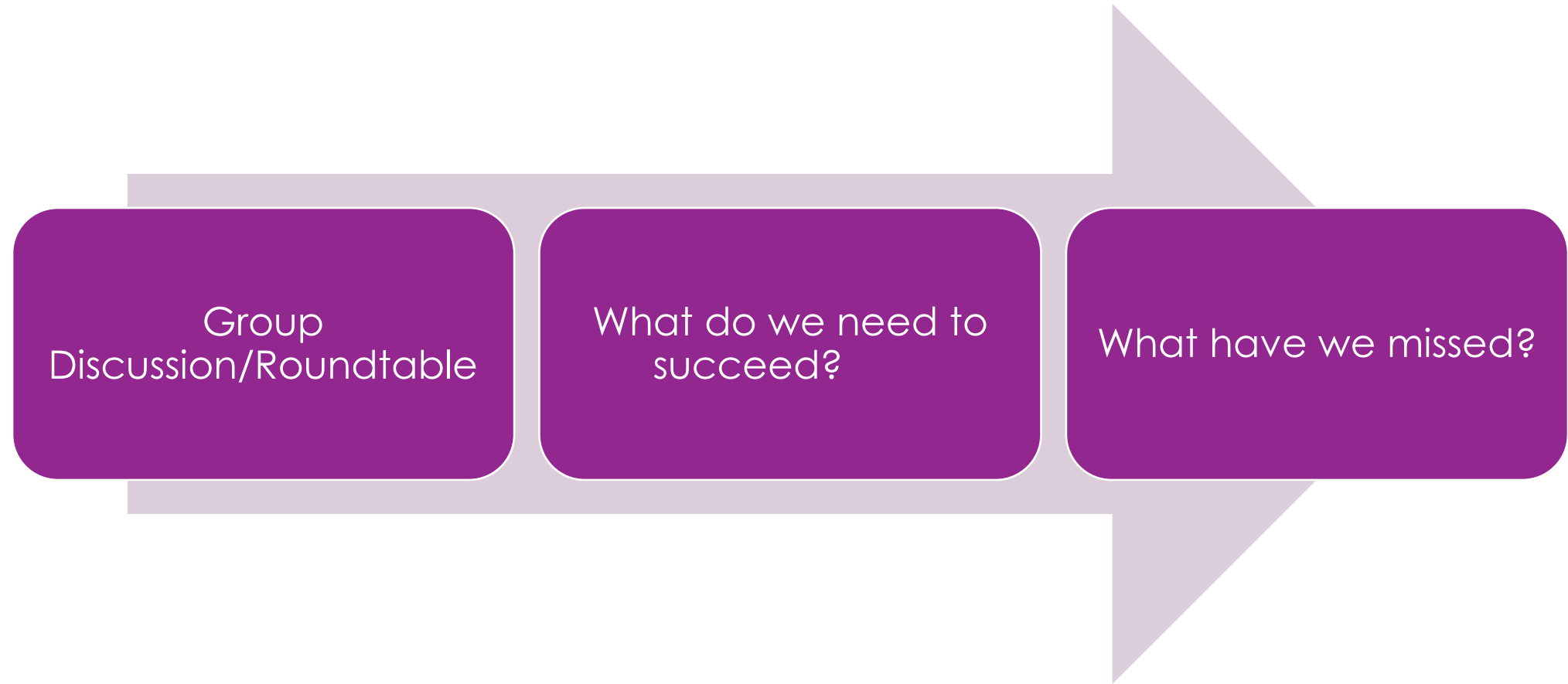
"Second Prize" is particularly important in developing a new relationship. Getting started with a piece of the pie is better than having no pie!

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.

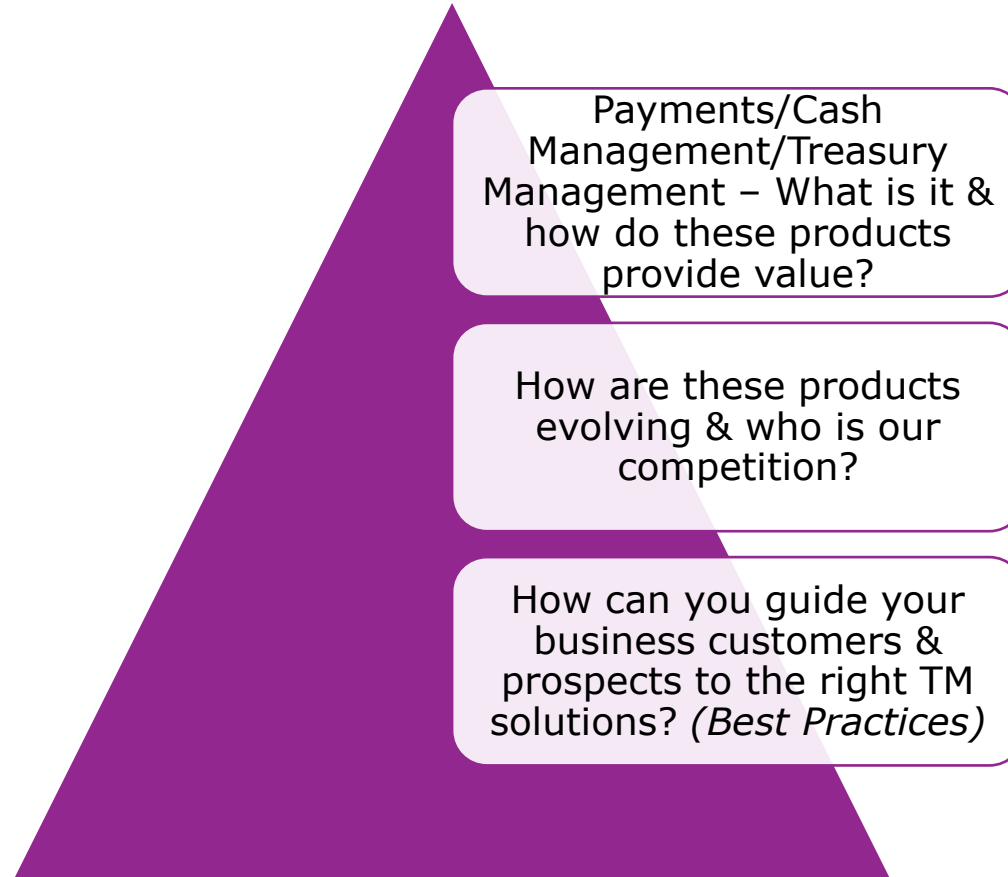
The Sales Solution Visit Defined

- Define your purpose clearly – You’re here to help THEM not YOU
 - People don’t want to invest an hour or more listening to you speak to get new information that they could read in a brochure. You are there to listen & learn and to discover if you can help
- Be yourself
 - You are uniquely qualified to be there. Use your “super powers” to engage, connect & provide value
- Use the hero’s journey structure - Stories provide a structure that engages our brains in ways that improve how we process information.
 - The hero starts out ordinary, they are called upon to do something extraordinary, they initially refuse because it seems so daunting, they meet a mentor who guides them through the big adventure/obstacle, they overcome it & reap rewards. Transformed they go back to their once-ordinary world but they’re forever changed. Tell your stories of value and reap the rewards.

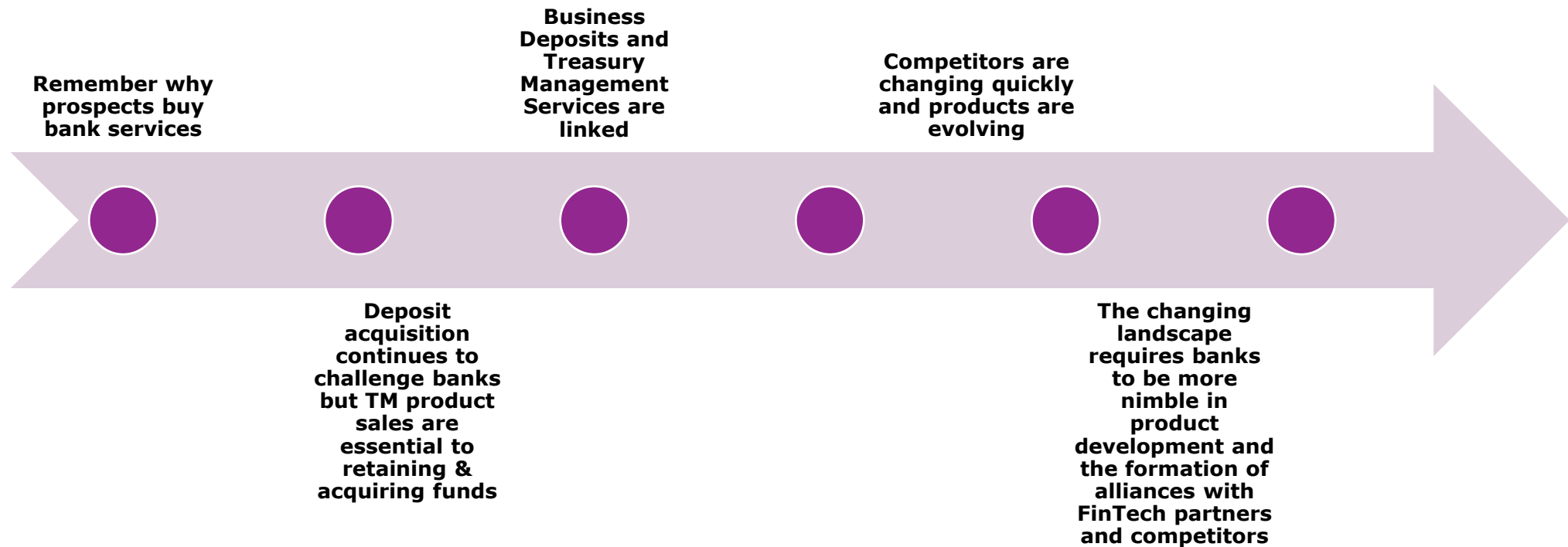
Challenges and Opportunities



Our Goals for Today - How'd We Do?



Wrap Up, Questions, Comments



Stay Informed

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

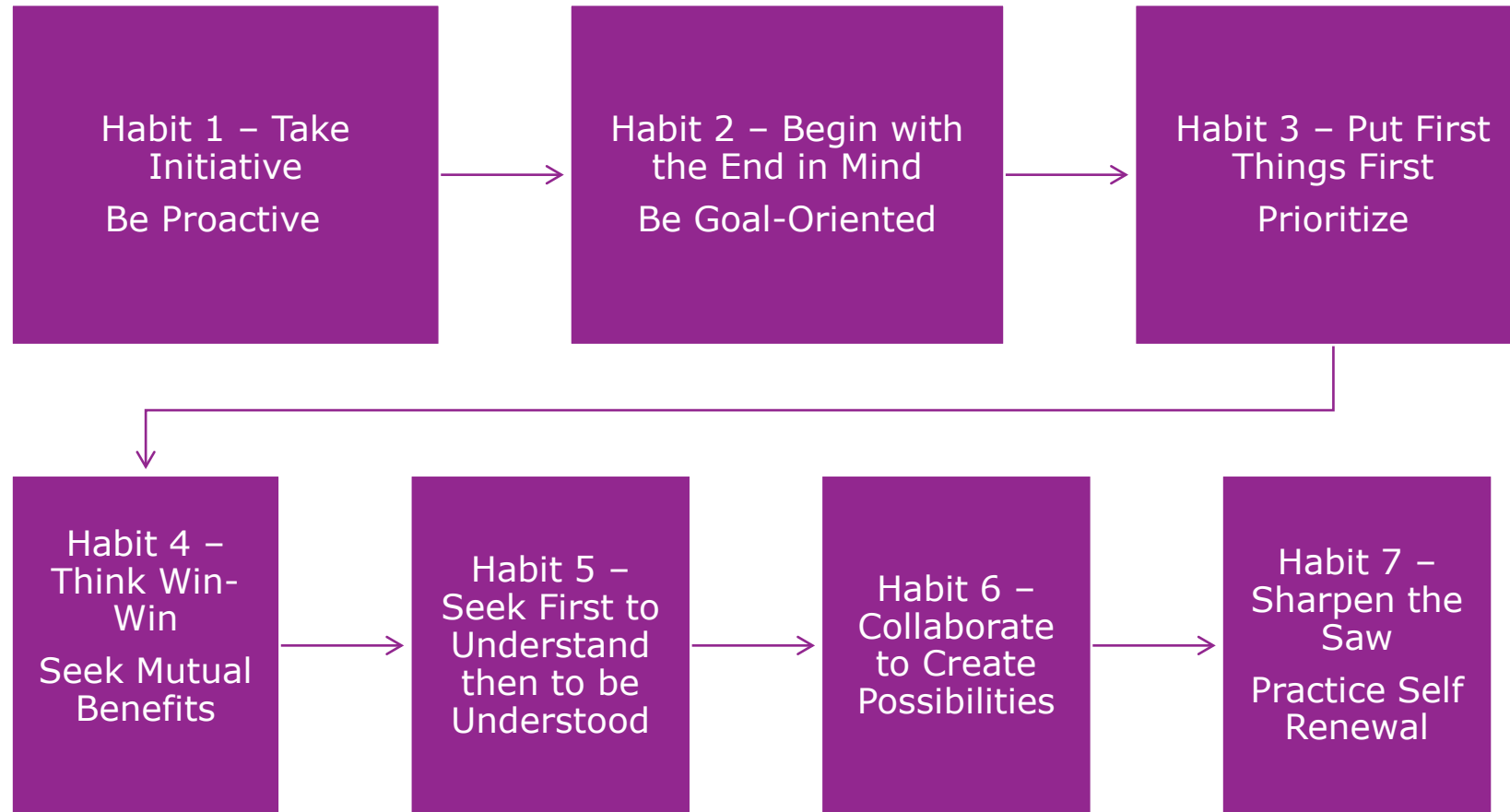
Strategic Treasurer
(www.strategictreasurer.com)

NACHA (www.nacha.org)

Barlow Research
(www.barlowresearch.com)

The 7 Habits of Highly Effective TM People

(A Take on Stephen R. Covey's Timeless Wisdom)



MOTIVATION

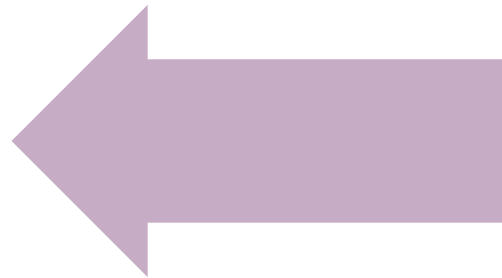


PERSEVERANCE DEFINED



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

• Newt Gingrich



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“Treasury Management Basics”

Thank you for your participation today!

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