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SHINING A LIGHT ON YOUR BANK FEES



CHRISTIN CIFALDI

Director, Product Development & Analytics,
Strategic Treasurer

STEPHAN IRELAND

Senior Director, Head of Sales & Business
Development, Strategic Treasurer

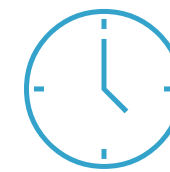
CRAIG JEFFERY

Founder & Managing Partner, Strategic Treasurer



WHAT

Considering the complexity of bank fees and how they can be better managed to save your organization money.



WHEN

Tuesday, November 12, 2024
2:00 PM – 2:30 PM EST



WHERE

Live online presentation
Replays at StrategicTreasurer.com



ABOUT THE SPEAKERS

GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



CHRISTIN CIFALDI



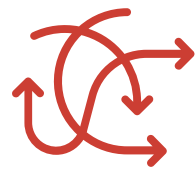
STEPHAN IRELAND



CRAIG JEFFERY

TOPICS OF DISCUSSION

KEY AREAS OF FOCUS & ANALYSIS



COMPLEXITY OF BANK FEES

CONFUSION AND APATHY ABOUND



EARNINGS CREDIT RATE

AND ITS RELATION TO OTHER
OPTIONS



SUCCESSFULLY MANAGING BANK FEES

ILLUMINATION AND OPTIMIZATION



KEY TAKEAWAYS

AND FINAL THOUGHTS

KEY FACTS

HIGHLIGHTING NECESSITY OF MANAGING BANK FEES



5%

Natural inflation rate of “unmanaged” bank fees

- Natural price increase
- + new services added over time
- + existing but unnecessary services being charged



120

Average number of monthly line-item charges: some clients had well over 500, while others had fewer than 50

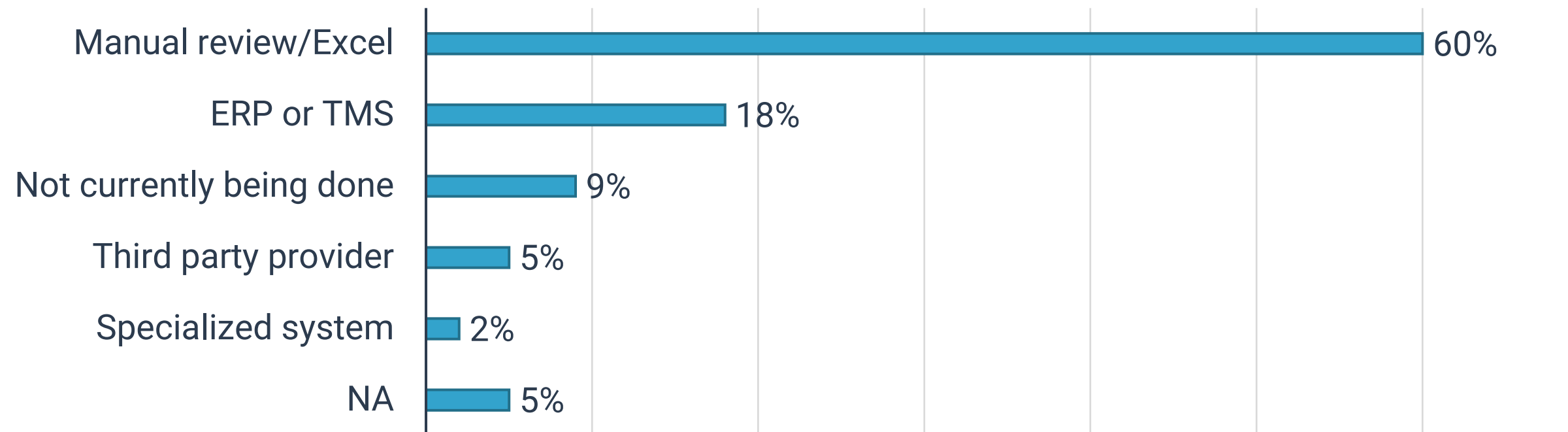


10-30%

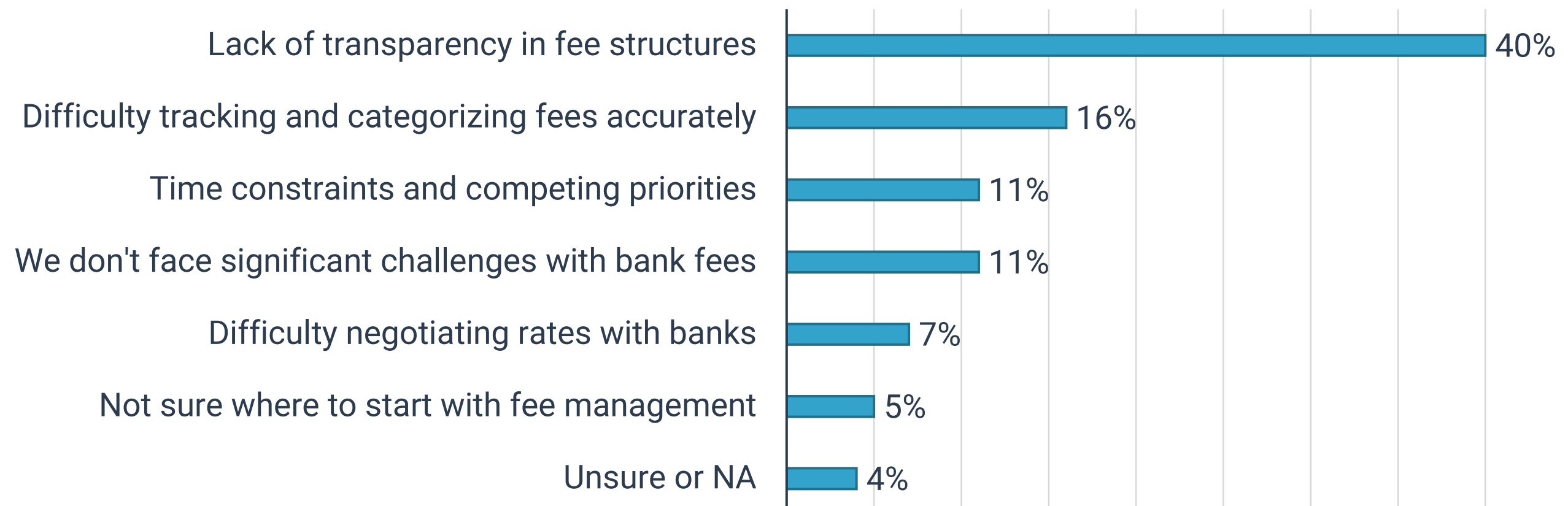
Range of savings Strategic Treasurer gets for clients; varies based on approach – bilateral vs. RFP

POLL QUESTION

Poll 1 - How does your organization manage bank fees?



Poll 2 - What is the biggest challenge your organization faces when managing bank fees?



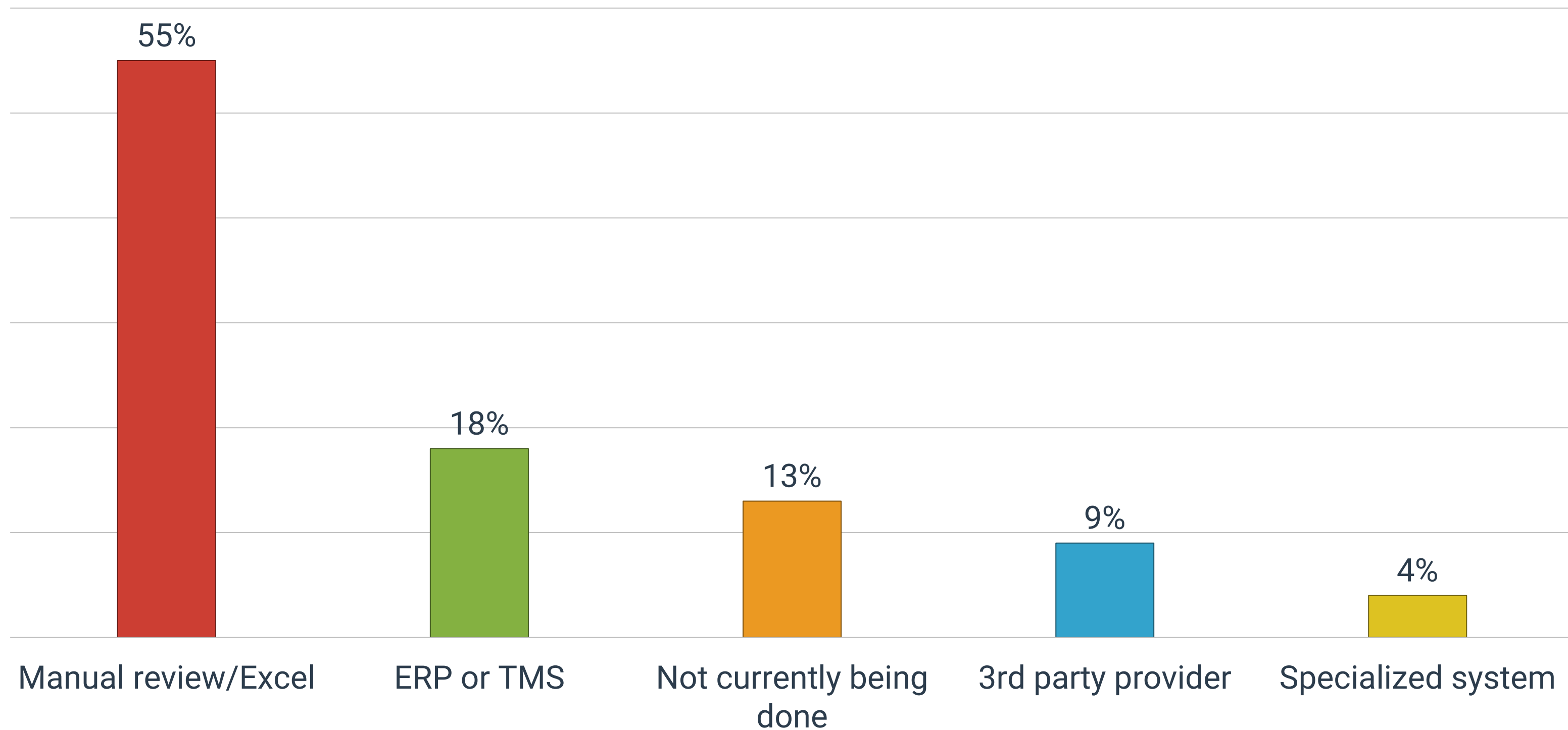
MANAGING BANK FEES

MANUAL BY FAR THE LEADING METHOD



Live poll at AFP 2024 – 750+ participants

» *How does your organization manage bank fees?*



AFP CODES

INACCURATE AND UNRELIABLE



No requirements on how AFP codes are implemented



Uniform implementation not enforced



A 999 code often used as a catch-all



Not comparable across banks



Cannot be implicitly relied upon



Should be used only as a general guide

EARNINGS CREDIT RATE (ECR)

AND WHY OTHER OPTIONS OFTEN PAY MORE



Alternative short-term options

- Interest-bearing account (savings)
- Money market fund
- Overnight sweep account
- Hybrid account, benefit from both ECR and hard interest



ECR isn't taxed

- Other options offer higher rates to compensate for taxed earnings



Basel III

- Requires higher capital buffers and more liquid assets at bank
- Reduces bank's ability to generate higher returns, leading to a lower earned credit rate



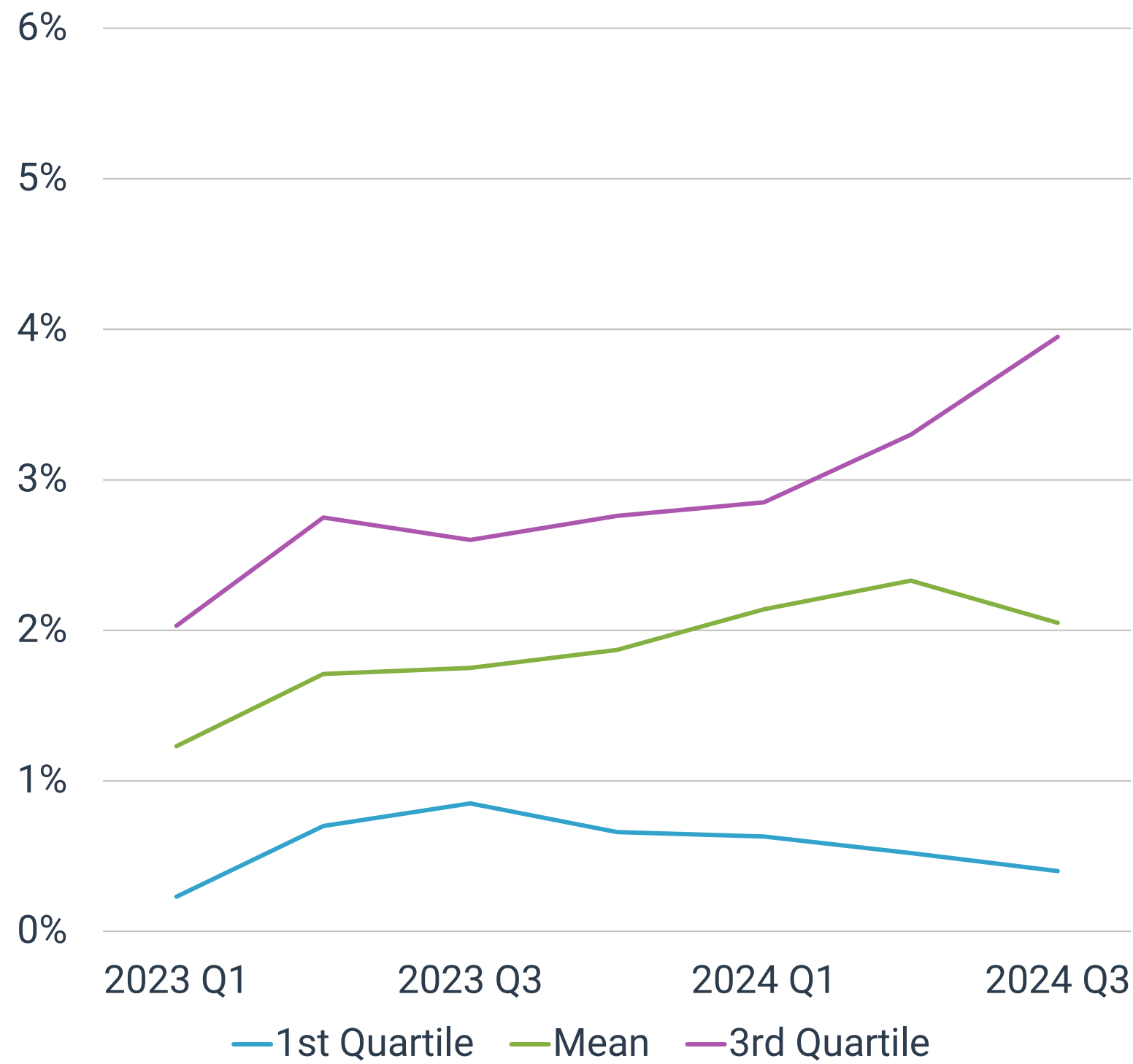
Work demands

- Not enough time to negotiate higher rates
- Rates revert to the norm over time

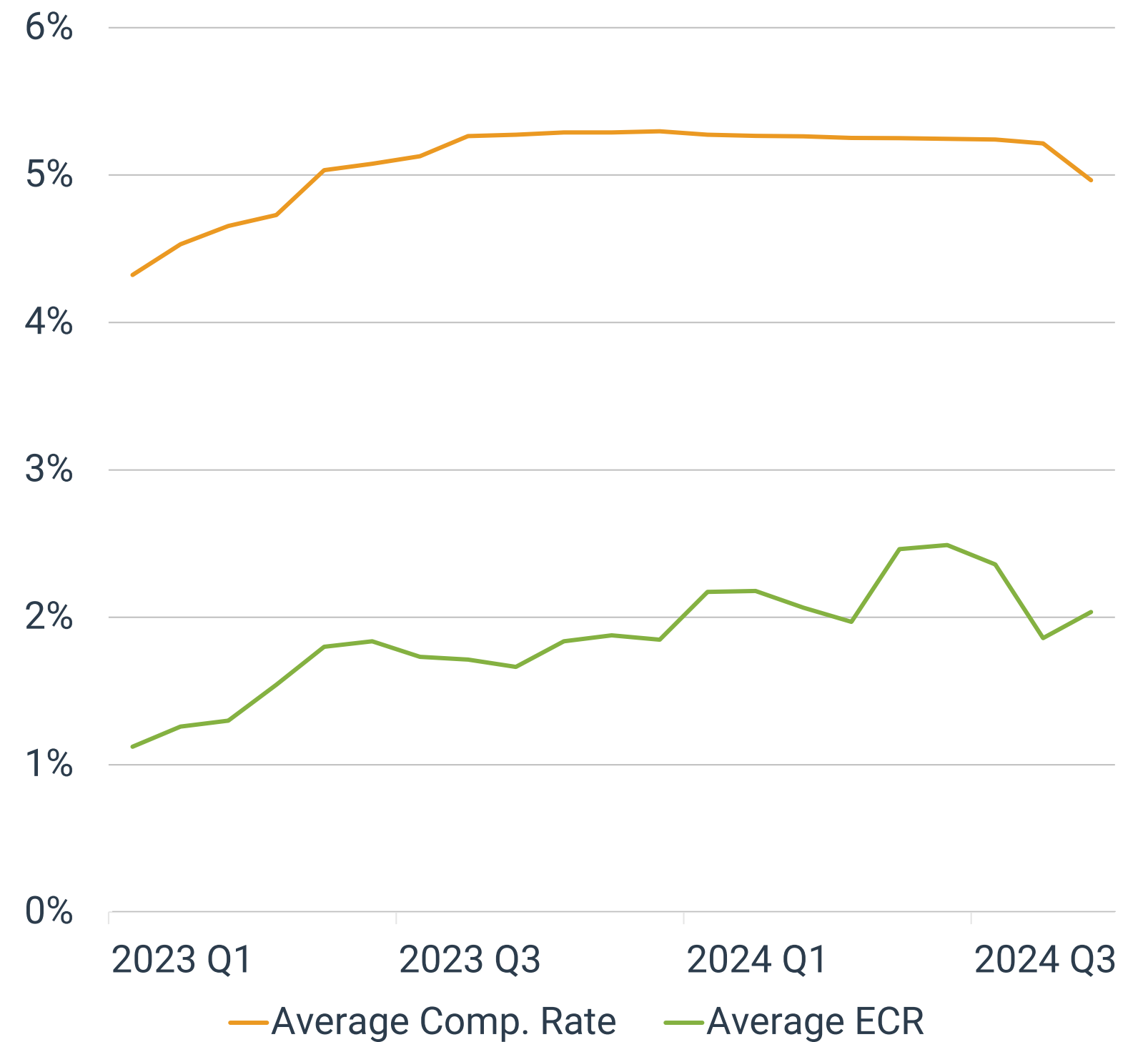
ECR TRENDS

SHIFTS OVER TIME

ECR quarterly rates



Comparable rate spread



Source: Strategic Treasurer proprietary data

MANAGING YOUR BANK FEES

A MULTI-FACETED APPROACH



Bilateral bank negotiations or using an RFP

- Less an “if,” more a “when”
- How: formally with your procurement department or using an informal RFP-type process



Internal considerations

- Multitude of repairs or errors?
- Close accounts you're not using
- Review how your overnight money is invested



Engage your relationship manager

- Ask if they can move you to different products that might save you money if you don't want to negotiate



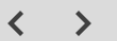
Third-party help

- Examination of each line item
- Benchmarking across industry
- Determine appropriate price range
- Banking structure assessment

DASHBOARD EXAMPLE

FEENIX FUNCTIONALITY

August 2024



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Clear Selections

Global Bank 1 [↗](#)
\$ 15,448

Global Bank 2 [↗](#)
\$ 20,205

August 2024 Charges [↗](#)
\$ 35,652

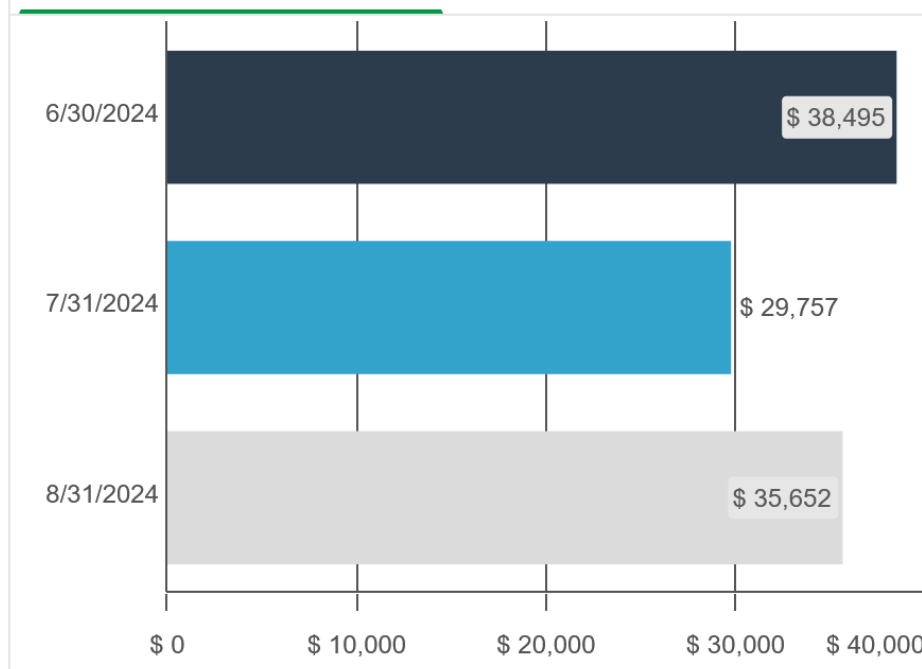
Total Accounts [↗](#)
168

Line Items [↗](#)
295

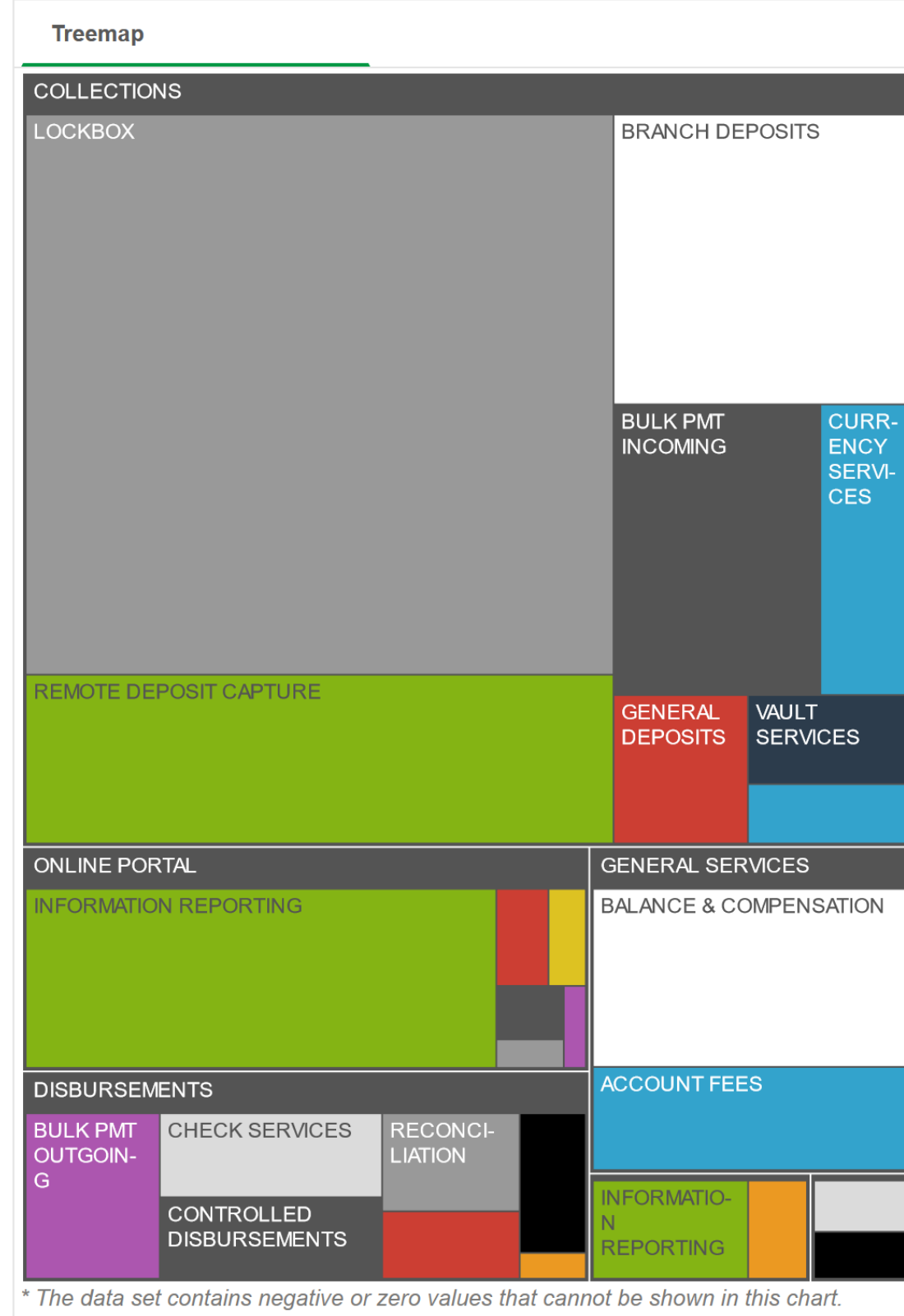
New Accounts [↗](#)
1

New Line Items [↗](#)
9

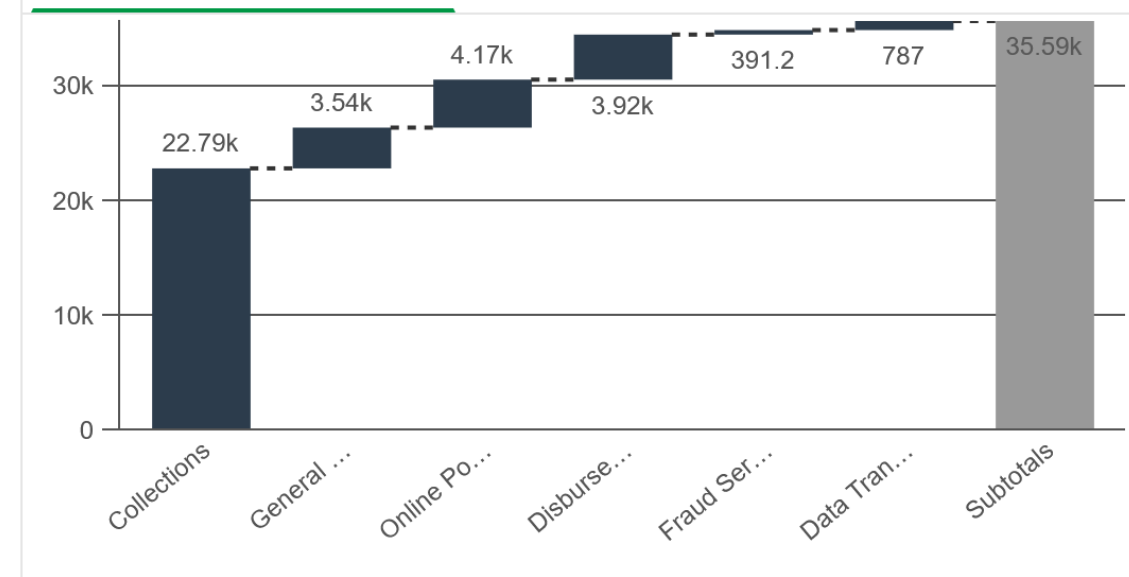
Past 3 Months



Refund Due Details

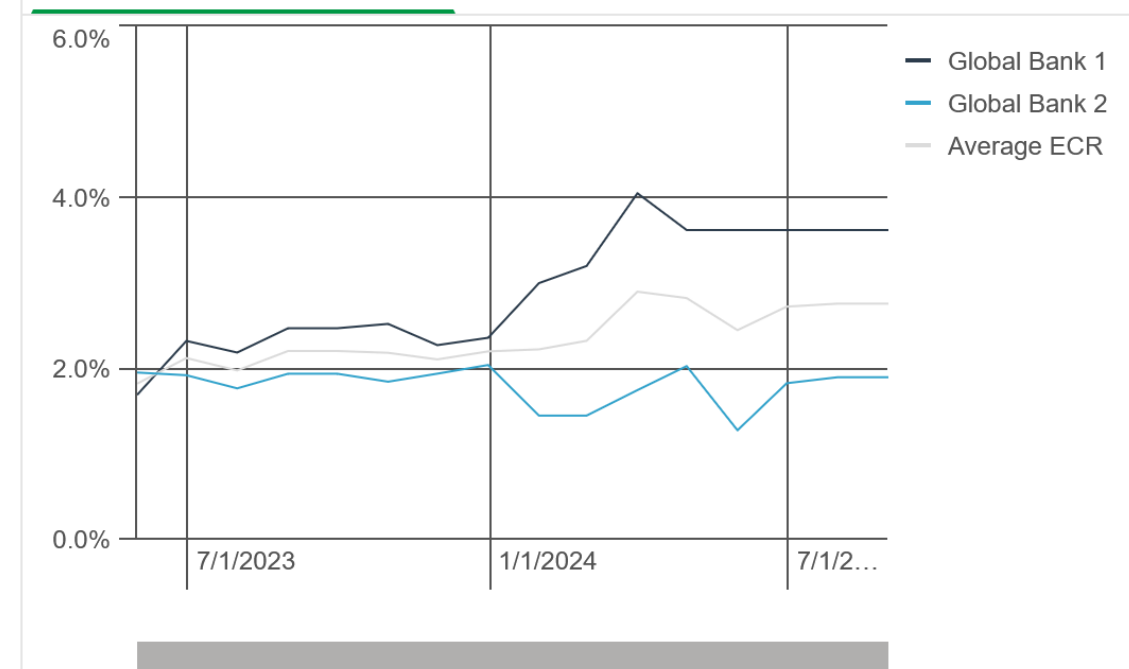


Product Families



ECR Information

ECR Trend



FINAL THOUGHTS

HOW TO PROCEED



CHANGING ECR ENVIRONMENT

- Can expect to decrease over time
- Be aware of impact on bottom line
- Watch bank fees to mitigate pain



DEFAULT IS INFLATIONARY

- Unwatched and unmanaged bank fees naturally increase over time
- You must monitor agreed upon transaction fees
- Lock new fees for a long period of time (3 years)



EVALUATE YOUR CAPACITY

- Available time and understanding
- Considering outsourcing



MIGRATION OF BANKING VOLUMES

- Consider moving to vendors who can better support your needs
 - Better pricing
 - Higher investment returns
 - More credit or appropriate levels of credit

LET'S CONNECT

DON'T LET THE LEARNING END HERE...
CONTACT US WITH ANY FUTURE QUESTIONS

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.



STRATEGIC TREASURER

Stephan Ireland,
Head of Sales and Business Development

✉ feenix@strategictreasurer.com

🖥 strategictreasurer.com

🗨 +1 832.557.6506



Bank Fee Management

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- Treasury Structures
- Liquidity & Risk
- Banking Services
- Treasury Technology



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- Fee Management
- Employee Security Training
- Compliance Services
- Connectivity & Onboarding



RESEARCH Market Data

- Survey Participation
- Research Report Access
- Industry & Peer Benchmarking
- Critical Treasury Assessment



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