

Partnering for success

True partnership with an international bank is the way forward for companies that want to leverage local, regional and global advantages, writes **Michael Guralnick**

Convergence and globalisation are the buzzwords across different industries, whether that be in the technology, media and telecoms, healthcare, aviation or automotive sectors.

Corporations today are looking for end-to-end solution engineering with respect to their transaction services requirements globally, and this is especially true now that treasury and finance are viewed as strategic partners within commercial businesses and credit functions in designing solutions for financial supply chain optimisation.

Partnering today between companies and their financial services providers has taken on a new meaning. It is no longer just about traditional treasury solutions involving functions such as payments, collections or liquidity management, but about working together to design integrated solutions that blend together payments, collections, liquidity management and financing for suppliers and distributors across the company's entire order-to-cash and purchase-to-pay infrastructure.

The aviation industry is one sector that has cried out for the ability to leverage the local, regional and global vantage point of international banking partners. When an airline expands into a new country, having a trusted banking adviser on the ground is often needed to help them understand the local market from a treasury management perspective. A partnership with a global bank can achieve this. The country's financial operations can be wrapped up into a global solution, such as a global payment factory, while allowing the airline to take advantage of the bank's local expertise in providing cost effective and efficient tools for managing on-the-ground financial requirements.

The end result? A true global partnership.

Partnership evolution

In the past, corporate and banking relationships predominantly related to the treasury or finance functions. Today, however, partnerships are evolving to allow broader discussions with a greater number of stakeholders. As a result, transaction services solutions need to be inno-

vative and to reach beyond the traditional treasury and finance areas within a client's organisation to broadly support human resources, credit control, procurement, and investor relations to name but a few.

This evolution is a direct result of work that banks are undertaking with clients' commercial business units to provide financing solutions across the financial supply chain.

A key trend driving this change is the move towards centralisation of financial supply chain management. As a result, shared service centres are managing a much larger part of the financial supply chain, as companies seek new ways to add value across their network. Through the shared service centre model, banks are now developing relationships with new areas of the business, such as human resources, to support overall payment requirements including, payroll, pensions, and dividends through one centralised payments engine. Such a partnership provides the client with a more robust and bundled solution while answering the call for a more integrated infrastructure.

Commercial partnerships are also being created as a result of longstanding bank and corporate relationships. One example is in the telecommunications space, where mobile providers are looking to move into new business areas, such as mobile payments. Both partners are seeking to take advantage of the high penetration of cell phone usage in emerging markets, where users do not have access to traditional banking systems.

To create such a new service, the telecoms companies need a banking partner to provide the global and local payment infrastructure. Who better to partner with than your existing global banking partner, and evolve your current partnership?

These types of partnerships are a testament to the fact that relationship expansion between corporates and banks can create new revenue growth areas for both parties.

Partnership innovation

From a treasury perspective, multinationals across all industry sectors are looking for enhanced control of their payment processes,



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increased visibility on their cash flow, and continued optimisation of working capital awash in their supply chains. The banking industry is addressing these requirements in a number of innovative ways.

Workflow efficiency and web-based cash management tools are being brought to market to assist companies by providing data analytics and cash flow forecasting mechanisms. Industry initiatives such as digital identity management are also being taken seriously and ongoing research is being undertaken into new ways to make the day-to-day workflow more efficient by helping corporates to meet their straight-through processing goals through interoperability and efficiency.

Innovation is also the impetus behind the growth in the commercial card arena for both travel and entertainment cards, as well as corporate pre-paid card solutions. In the auto industry, for example, pre-paid card systems have been used to measure and incent dealers or distributors. This approach has not only provided clients with an innovative new payment solution but has also been groundbreaking; as it has helped clients to focus on their top-line revenue growth.

Traditionally, cash management structures aim to achieve strategic cost management goals such as operational efficiency and liquidity management. Today, banks are innovating

across the value chain to help clients to grow their business and meet their commercial objectives.

A two-way partnership

The partnership between a client and banking provider is an ever-evolving relationship based on mutual understanding and success. We continue to learn from our partners as they grow, merge and develop new business lines that have a variety of transactional needs.

For example, in the shared services space, reviews and ongoing dialogue with clients that have already centralised much of their treasury operations focus on learning what key performance indicators and metrics they track to ensure they are optimising their spend on these new shared service centres. An approach to continuous business process improvement means that we can use this knowledge to innovate and refine our transaction services offering to support all of our clients' treasury management operations and commercial businesses better.

A two-way partnership is required to remain a leading transaction services banking partner committed to learning, evolving and innovating to meet client needs.

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