

## Big trends with ESG, APIs and yield

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- Michael: [00:00](#) Welcome to the Treasury Insights Podcast Series. While global recovery is underway in many areas of the economy, the impact of the COVID-19 pandemic can still be felt across the globe. Today, we're going to discuss what a treasury can expect in the new year. My name is Michael Bosacco, and I'm a Director and part of the Global Transaction Services Advisory Team at Bank of America. And with me today is Matthew Davies, Head of Global Transaction Services in EMEA and Fernando Iraola, Head of Global Transaction Services in Latin America. Welcome Matthew and Fernando.
- Fernando: [00:32](#) Good morning, Michael.
- Matthew: [00:33](#) Hi, Michael.
- Michael: [00:34](#) Thank you both for joining. Matthew, surveys, PWC and AFP, they cite bank consolidation as a focus area coming out of the pandemic. How do treasurers manage the balance of wallet share and bank consolidation?
- Matthew: [00:51](#) Most treasury teams and CFOs, as they're putting together their bank group, have a good idea of what roles the different banks within that group are going to play. And should have a fairly clear idea upfront of how they're going to balance the wallet across those different banks. And the reality is the fewer banks you use from a cash management perspective, the more efficient you're going to be, whether that's how you manage your liquidity, how you manage the interfaces and integration across those banks, fewer is always going to be more efficient. Therein lies the challenge. What we have seen over the years, going back a few years, there was almost a move towards having one or two global banks that supported a company everywhere. We've very much gone back to the regional bank approach. But there's still a lot of local banks that are not necessarily part of the credit group that are providing smaller services, but a lot of that can be consolidated and things have advanced. And just in the region that I'm in the European market, there's been so much consolidation around, how you can make payments and where you can locate your bank accounts, but it's a much easier market to consolidate in many ways, so there's still those opportunities there, but having that good base and plan at the start is absolutely key, but then consolidation is always going to provide efficiency.
- Michael: [02:18](#) And Fernando, if we just pick up on the comment that Matthew made around recognizing the bank group and the strengths. Some credit providers, some efficiency, some cross into both. If we get specific about

Bank of America and the efficiency play, how do we help clients gain those process improvements through efficiencies?

- Fernando: [02:42](#) We understand their needs, we understand their objectives and by putting those needs and those objectives at the very center of that dialogue, designing those solutions together and looking at solutioning end to end, rather than looking at solutioning through product silos. It comes down to really taking an advisory approach to treasury transformation, to process efficiencies and partnering up with our clients at an early stage of that journey. It comes down to putting their needs and their objectives at the very center of that dialogue and be open to design those solutions together from day one. And work with them throughout the solutioning design, throughout the implementation process and continue that long-term relationship. That is the approach that we take at Bank of America.
- Michael: [03:49](#) Love it, Fernando. Matthew, coming back to you, the pandemic has exposed opportunities to treasurers, and in many instances that has opened the budget for digital tools and technology solutions. Many of our clients are also migrating to new platforms or upgrading existing platforms. And with those new platforms come a more open technology framework, whether we want to make or suggest that as being more complex or simply just more available - it's different. How can we help our clients navigate that open technology change and better leverage our solution set?
- Matthew: [04:33](#) It's a great question. Historically, many treasurers have had to fight really hard to get the dollars that they needed to invest in the technology that they needed, in order to improve treasury processes and get more efficient. It's all about that digitization journey. There's also a huge opportunity for simplification. There is now a level of standardization that companies can adopt, which will greatly simplify the way that they interact with their banking partners, and there's increasing use of APIs and availability of APIs for a number of different services across a number of different banks. Now that's an opportunity. The fact that there are so many APIs available, there's a number of corporate treasurers I've spoken to have suggested that they don't want to introduce more operational risks by having multiple APIs for multiple services across multiple banks. Depending on how many banks you use, APIs could be great. If you have a lot of banks and you're trying to standardize, APIs might not be for you at this point in time until we get some standardization, or there are a couple of Fintechs out there that are looking to bring that level of standardization across APIs. But to answer your question, you are the key to this. You and the great team that we have at Bank of America and our transaction services advisory team are really well placed to help clients navigate this complexity.
- Michael: [05:58](#) Certainly. Thanks for the advisory plug there, Matthew. And one thing that

I often share with clients as it relates to this question, and the journey is to reimagine treasury on a semi-annual or annual basis, which would in effect prevent a reaction to the next event, whatever that might be. So, having that clean slate and the awareness to consider current operation, what's changed what opportunities lie ahead and surface them early, certainly has and will enable clients to have less of a reaction to change when it's unannounced. Fernando, we're going to jump into ESG, which has become both an accepted, and in some instances, expected business imperative. How can treasurers ensure that it's baked into their standard policies, processes, and strategies?

Fernando:

[07:04](#)

You're absolutely right, Michael. ESG has become front and center of; I would even call it, economic development. It has been researched and proven that adopting, driving and executing a strong ESG strategy delivers economic value for all stakeholders with purpose. This is something that Bank of America has been committed to, since we started a decade ago, executing on our responsible growth strategy. And it's great to see how ESG is at the very center of how corporates are thinking about their evolutionary cycle, and how to conduct business going forward. From a treasury perspective, it is becoming more and more relevant to treasury professionals to think how every process within the treasury function has an ESG impact, both for their businesses, as well as for their multiple stakeholders. One very common and simple example is, how do we continue to take out paper driven processes out of treasury functions and manual processes out of that? We at Bank of America and particularly at Global Transaction Services, we have been providing clients with solutions to be able to drive that paper inefficiency, out of those processes and adopt digital tools and redesign their processes that achieve objective. Then there's a whole opportunity around ESG enabled financing solutions that Bank of America has been leading for many years now when it comes to capital markets, as well as supply chain finance, for example. Topic of which that is obviously very relevant given what's happening in the supply chain disruption as a consequence of this pandemic. It is very, very important. We are continuing to work, to invest on solutions that can help our clients drive their ESG metrics with sense of purpose. And it is very relevant for treasury professionals to ensure that their banking partners of choice have a very robust and clear ESG strategy themselves.

Michael:

[09:33](#)

Thanks, Fernando, couldn't agree more. Final question going to ask both of you to provide perspective. Fernando, we'll start with you since you have the floor, and then we'll end with Matthew. Where and maybe what do you see as client opportunities in the new year, whether it's a technology play, it's a bank consolidation play, maybe it's ESG, where do you see the opportunity for clients?

Fernando:

[10:05](#)

Great question, Michael, it's all of the above. I will go back to the comment I made related to ESG, which is supply chain finance. We have seen a

tremendous growth in our trade business in general during the course of the last years, but particularly in 2021. Whether it is in North America, in Latin America, in Asia, in EMEA, and we strongly believe that there is an opportunity in that space going into 2022. But certainly one that remains a priority to all our treasury and all our global corporate clients, which is managing/working capital efficiently. But then again, adding an ESG component to that, and also integrating supply chain finance into both the payments side of their treasury function, as well as on the receivable side of the treasury function. So, bringing all of that together holistically clearly is an opportunity going into 2022.

Michael: [11:09](#)

Perfect. Matthew, I'm going to change the question slightly. Instead of opportunities, how can we help gain more mindshare from our clients?

Matthew: [11:22](#)

I did have an answer for your opportunity one, by the way. And it was a one-word answer which was yield, which is something we've almost forgotten about. But assuming there's some interest rate rises going into next year then the yield will be an opportunity. How do we get more mindshare with our clients? It all comes down to what I said before. How well know your clients, or how far ahead you are in terms of what is coming down the pike that could be relevant to that client and providing the best advice, as you navigate through periods of change. That's something that we are known for in the market and something that we pride ourselves on. Mindshare really does come from the knowledge you have of your clients and how you use that knowledge to best advise your client.

Michael: [12:11](#)

Couldn't agree, more - understanding the underlying data analytics to help drive client solutions. On that note, we'll end it here. Thank you both very much for your insights. Undoubtedly, we'll be hearing more about these trends over the coming weeks and months.

Fernando: [12:28](#)

Thank you Michael.

Matthew: [12:29](#)

Thanks, Michael!

Michael: [12:30](#)

Thank you for listening to Treasury Insights. I'm Michael Bosacco. My co-hosts are Matthew Davies, Head of Global Transaction Services in EMEA and Fernando Iraola, Head of Global Transaction Services in LatAm. Thank you, gentlemen.

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