

Roadmap to Global Banking

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Hampton Roads Association For Financial Professionals
October 20, 2009

Together we'll go far



Session Overview

The Wells Fargo logo, consisting of the words "WELLS" and "FARGO" stacked vertically in a yellow, serif font, set against a red square background.

- Market Dynamics
- Roadmap to global banking introduction
- Roadmap to global banking steps
- Treasury best practices
- Global solution

Market Dynamics

- Globalization is happening across all corporate segments in the US
- Liquidity Management, Electronic Payments, Image, and Information are all critical components of a competitive global offering
- Corporate demand for integrated solutions and in-country access for overall business support is increasing
- An estimated 50% of commercial invoices are non-usd today
- The Euro is targeted to reach 30-40% of allocated reserves by 2010
- Offshore USD clearing networks are gaining prominence in Asia
- RMB (China) is anticipated to be freely tradable within 10 years

Roadmap to Global Banking

1. Understand your global needs
2. Payments and collections
3. Dealing in local currency
4. Manage accounts
5. Tax compliance
6. Global visibility
7. Control of funds
8. Technology and automation
9. Liquidity management
10. Rationalization



1. Understand your global needs

- What type of business will you be conducting in the foreign location?
- How will the funds flow (incoming and outgoing)?
- How are the operations going to be managed?
- What banking services will be needed?



2. Payments and collections

Understanding and identifying your flow of payments and collections will lead to a tailored global solution.

- Payment type is determined by **country**, **volume**, **beneficiary**, **urgency** and **industry standards**.
 - International USD wires
 - International Foreign Exchange (FX) wires
 - International ACH
 - Drafts or checks
 - Credit cards
 - Letters of Credit

3. Dealing in local currency

- Move from dealing in USD to dealing in foreign currency
 - Makes you more competitive
 - Allows you to manage the risk directly instead of being impacted without control
- Determine if your subsidiaries should be USD or local currency functional

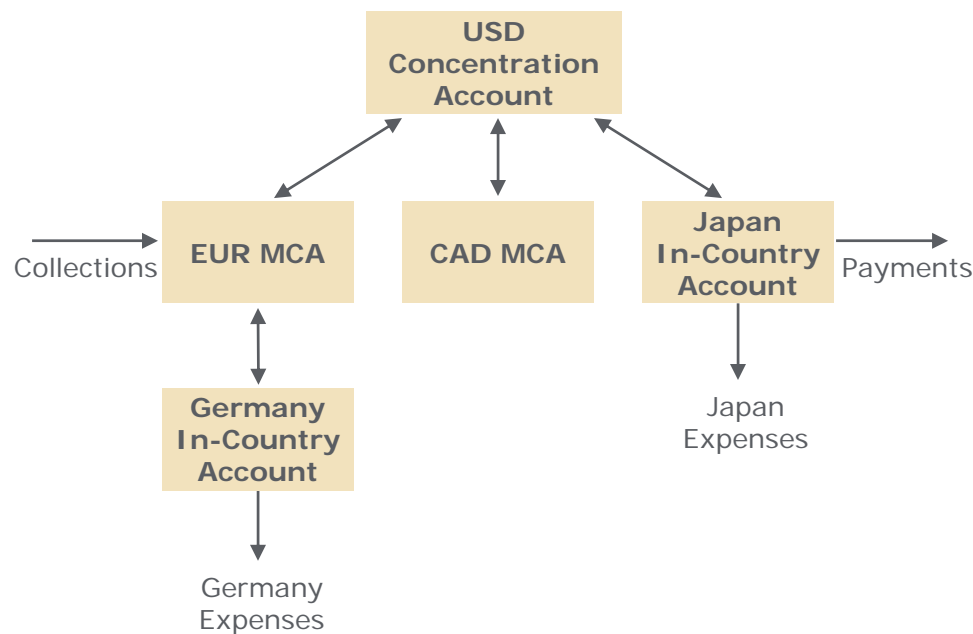
Benefits to FX Risk Management

- Mitigate FX risk
- Reduce costs (A/R)
- Protect profit margins (A/R)
- Eliminate FX gains and losses on the balance sheet
- Gain competitive advantage

4. Manage accounts

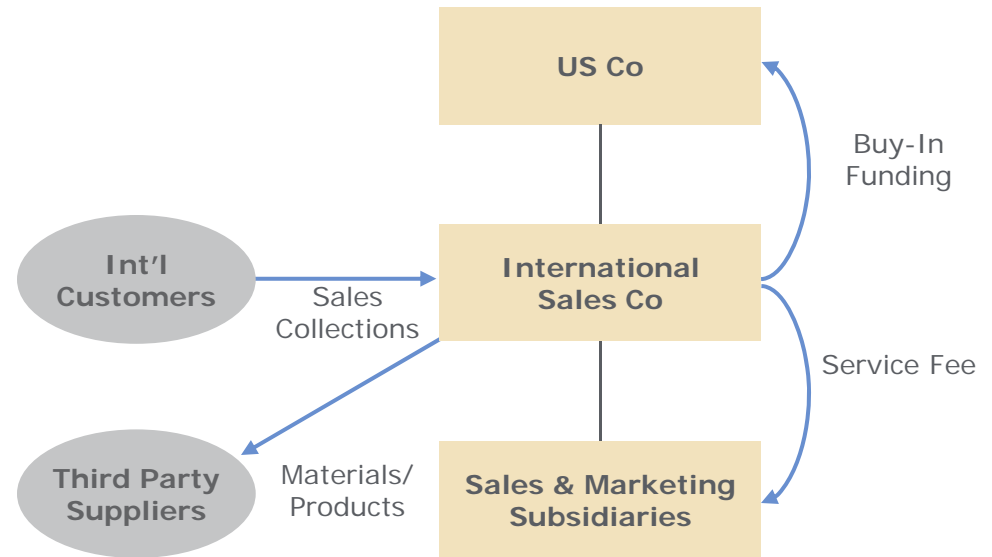
- Common reasons for accounts
 - Regulatory, tax, or capital funding requirement
 - Collections and payments in the same currency
 - Local operation needs
 - High volume of transactions
- Determine type of account needed
 - Multi-currency accounts (MCA)
 - In-country accounts

The best account solution may be a combination of accounts.



5. Tax compliance

- Goal is to achieve and sustain revenue shift to a low-tax jurisdiction
- Tax structure dictates treasury structure
 - An account is typically needed for each entity
 - It is important to ensure the correct flow of funds through the accounts and associated entities



Information courtesy DLA Piper International Tax group.

6. Global visibility

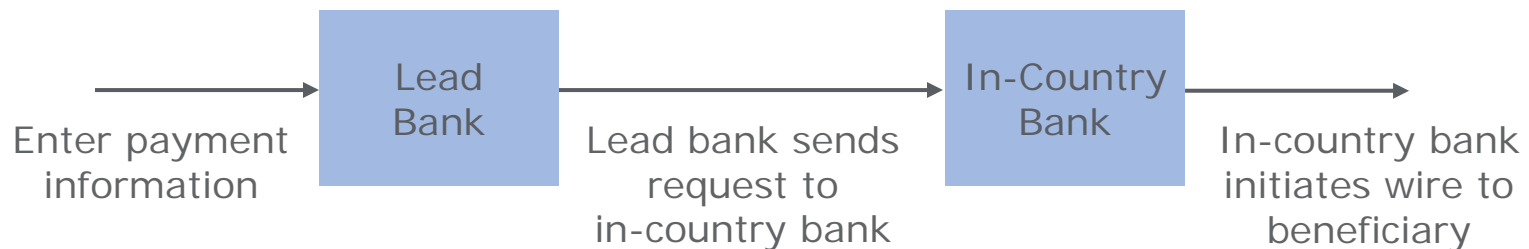
- Centralized reporting provides ease of cash positioning and leads to more accurate forecasting
- Streamline your process by using one platform to view all global accounts
 - Online banking system
 - Treasury workstation
- Auditors encourage the use of bank to bank communication (SOX)
 - Transparency leads to reduced operating risk



7. Control of funds

- Ensure direct access to your global funds
- Have the ability to access and move funds easily
- Know who the signers are on your accounts and who can move money

International Request for Transfer (MT101)



Note: This process must be implemented ahead of time and requires a legal agreement between the two banks.

8. Technology and automation

Utilize existing in-house technology (i.e., ERP system) to maximize working efficiencies and establish a global standard of gathering information and executing global payments.

- Consider industry standards such as **SWIFT** platforms or **FTP** solutions to scale for future integration and expansion needs
- Address other pillars within the organization such as:
 - Business continuity planning (BCP) / disaster recovery (DR)
 - Audit for SOX and IFRS compliance
- Analyze direct cost vs. long term economic benefit of project

9. Global liquidity management

- Identifies where surplus cash can be invested to maximize interest returns
- Rationalizes the need to maintain multiple bank relationships and currency accounts
- Can minimize high cost short-term borrowing and overdraft fees

Liquidity Techniques

- Cash concentration methods (Physical Pooling)
- Interest compensation methods (Notional Pooling)
- Netting solutions

Considerations of a Global Liquidity Structure

- Increased bank fees due to reduced balances
- Cross border lifting fees or stamp duties
- Tax fees concerning withholding, repatriation and inter-company loans
- Affects subsidiaries ability to borrow or impact local banking relationship

10. Rationalization

- Yearly rationalization of your global treasury structure will lead to more efficiencies and reduced costs
- Events, like an acquisition, are opportunities to consolidate



Aspects to analyze:

- Most effective treasury operations (centralized/decentralized)
- Highest transaction volumes
- Unused or duplicate accounts and services
- Future growth plans

Treasury best practices

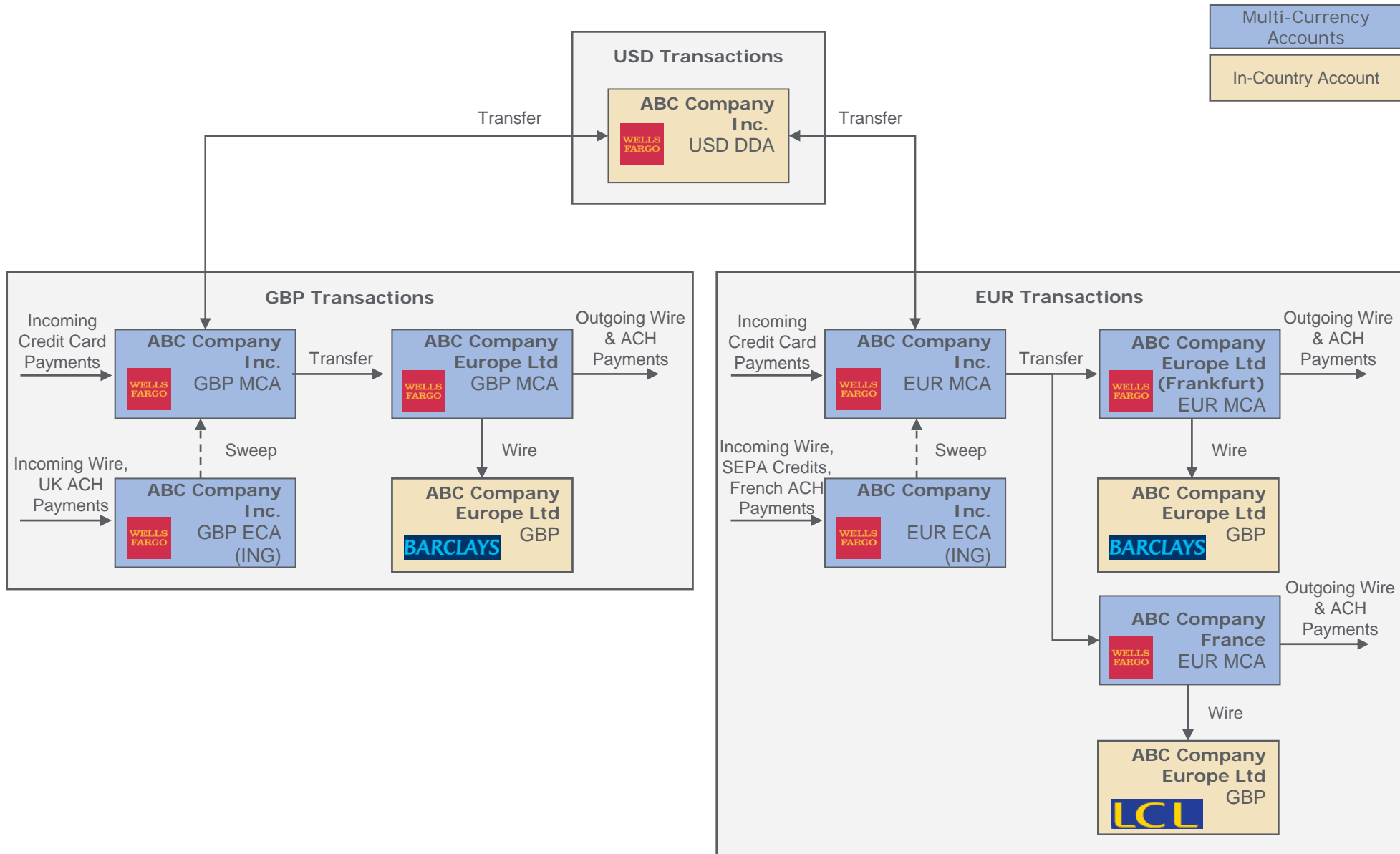
Understand corporate strategy and vision for setting up a treasury operations at a global, regional or local level.

- Establish a treasury policy
- Ensure appropriate lead time for establishing overseas operations
- Define procedure for signing authority
- Centralize global reporting
- Use cost efficient transactions whenever possible
- Involve key partners early
- Leverage technology
- Focus on improving processes

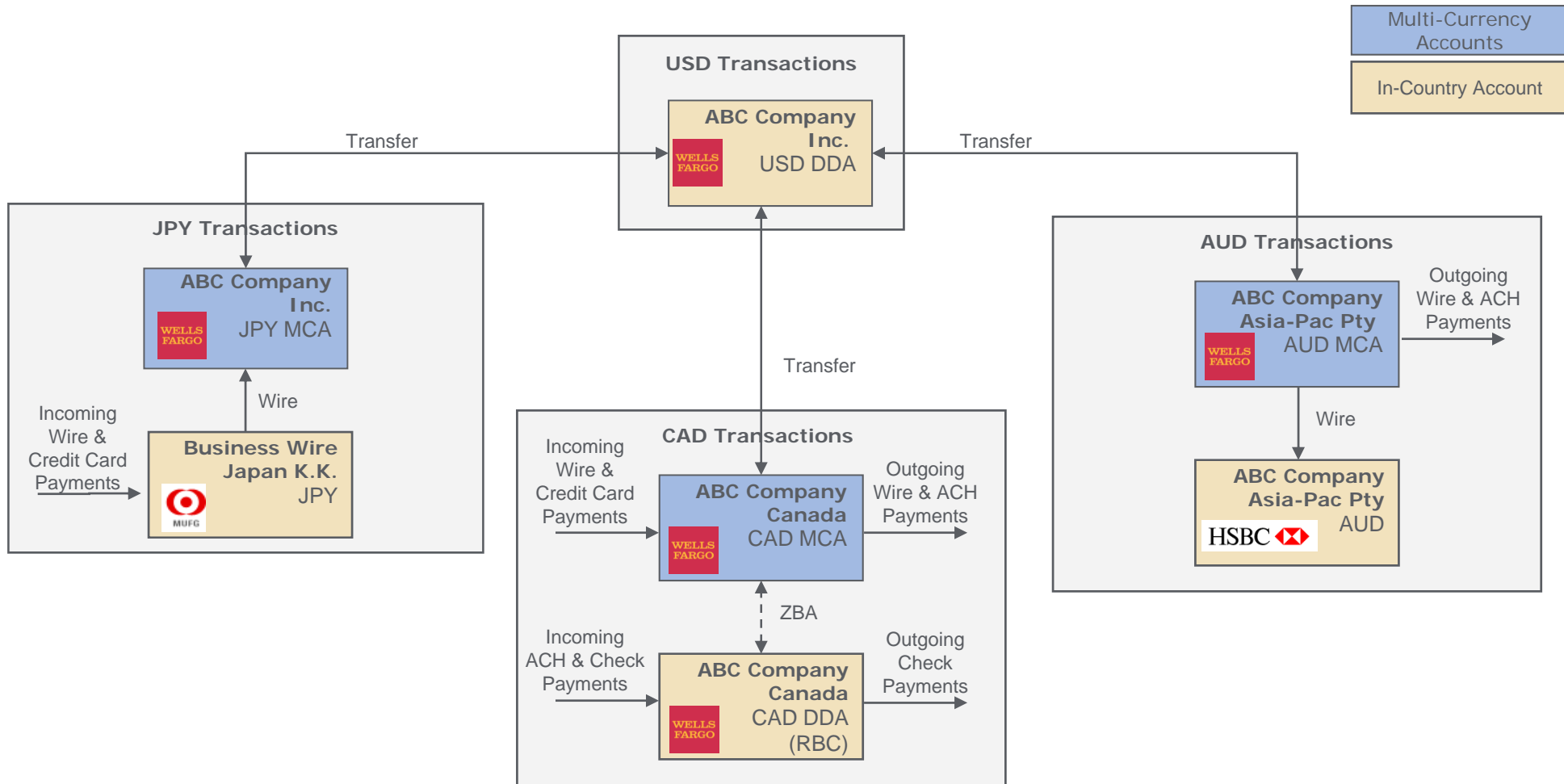


Questions?

“ABC Company” global account structure



“ABC Company” global account structure



Thank you