INSIDE TRANSACTION BANKING

Welcome to *Inside Transaction Banking™*! This course is part of PSI's *Inside Financial Services®* curriculum.

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You may be eligible for Continuing Professional Education credit for this course if you are a CPA licensed in the United States. This course offers 1 CPE credit by the National Association of State Board of Accountancy (NASBA). Refer to the associated CPE information pdf for more information on the continuing education credits for this course.

Welcome

Transaction banking includes a range of transaction-oriented services that financial institutions provide to help businesses and other organizations.

Topics covered in this course include:

- Customers
- Providers
- Products and services
- Executives
- Industry challenges

Course Overview

This 50 minute course is designed for professionals serving the financial services industry, and it provides a fundamental understanding of the transaction banking segment of the financial services industry.

Upon completing this course, you will be able to:

- Name transaction banking customers
- Identify different types of transaction banking providers
- Recall transaction banking products and services

- Recognize important executives within transaction banking
- Identify the challenges facing the transaction banking industry

This course is part of the *Inside Financial Services®* training curriculum. Other courses in this curriculum include:

- *Introduction to Financial Services*
- *Inside Retail Banking*
- *Inside Investment Management*
- *Inside Corporate Finance*
- *Inside Capital Markets*
- *Inside Risk Management*
- *Inside Financial Services Regulation*
- *Making Money in Financial Services*

CUSTOMERS

Financial institutions provide transaction banking services primarily to:

- Businesses
  - In transaction banking, financial institutions help businesses manage cash positions and conduct international trade transactions
  - As result financial institutions work with businesses of all sizes in transaction banking, including:
    - Large corporations, commonly referred to as **large corporates**
    - Middle market companies
    - Small businesses
- Government agencies and other organizations
  - Similar to businesses, government agencies and other organizations need transaction banking services to help them manage their cash positions
- Institutional investors
  - Institutional investors are financial institutions and other organizations with large investment portfolios to manage
  - Institutional investors include pension funds, mutual funds, hedge funds and life insurance companies
  - Institutional investors turn to transaction banking providers for back office support related to their investment activities
- Other financial institutions
  - Other financial institutions (including brokerage firms and small banks) turn to large financial institutions for many transaction banking services

What Customers Value

When evaluating transaction banking providers, customers will look at:

- Price
- Range of products offered
- Delivery platforms
    - While financial institutions continue to develop new services, most transaction banking services do not vary greatly between providers
    - As a result, most leading providers look at their delivery platforms (including online portals and secured mobile apps) as their primary source of competitive differentiation in transaction banking
- Technical innovation, including analytics
- Ability to complete transactions quickly

PROVIDERS

Banks are the primary providers of transaction banking services. Many transaction banking services revolve around payments, and only banks have direct access to interbank payment systems.

Banks that provide transaction banking services fall into three broad groups:

- Global leaders
    - Transaction banking is dominated by a small number of large global banks
    - Transaction banking is a transaction and system-intensive business in which larger providers can spread higher volumes of transactions over their fixed cost infrastructures, giving them a pricing advantage over smaller providers
    - For these leaders, transaction banking is a profitable and attractive business because it:
        - Creates a source of steady fee income with relatively low risk and low capital requirements
        - Generates commercial deposits, providing these banks with a source of stable, low-cost funding
        - Establishes client relationships which allow banks to sell other bank services, such as commercial lending and capital markets
    - Transaction banking leaders invest aggressively in information technology (IT) to:
        - Remain competitive in an IT-intensive business
        - Create new services, especially around information delivery and analytics
        - Grow their operations by insourcing business from other banks
    - Global leaders today include Citi, JP Morgan, HSBC, Bank of America and Deutsche Bank
- Regional leaders

- Regional banks are growing in importance in transaction banking
- Facing tighter capital and anti-money laundering regulations, increased competition and higher expenses, some former global leaders in transaction banking have exited many foreign markets to preserve capital and refocus on their core competencies
- This retrenchment from foreign markets has coincided with the increasing importance of emerging markets across Asia, the Middle East, Africa and Latin America as:
  - International trade continues to grow, including trade between emerging markets
  - Emerging market economies continue to grow faster than economies in many mature markets
  - Emerging market populations become increasingly wealthy and urban
- The retrenchment by some global banks and the growing need for transaction banking in emerging markets has spurred the growth of regional providers that compete directly with global leaders

- Small providers
  - Small banks are increasingly outsourcing some (if not all) of their transaction banking operations to larger banks
  - The outsourcing of transaction banking is sometimes referred to as **correspondent banking**
  - Smaller banks do not have the economies of scale needed to match the pricing and ongoing investments in IT required to remain competitive in transaction banking
  - However even banks that outsource these services want to maintain the direct relationship with clients using the services, so they can continue to provide them with other banking services (such as commercial lending)
    - As a result, leading transaction banking providers offer **white labeling** in which they handle transaction banking services for other banks, but the service and client correspondence is branded with the identity of the client's primary bank

Check Your Understanding - #1 – customers

Which customers use transaction banking services? Select all that apply.

Businesses

Consumers

Individual investors

Investment banks

Check Your Understanding - #2 – Providers

Why is transaction banking dominated by a small number of large global banks? Select the best

answer.

- Larger providers have a price advantage over other providers
- Only large banks have access to interbank payment systems
- Only large banks have the client relationships to support transaction banking

Large banks are best equipped to provide services in emerging markets

Products and Services

Transaction banking services encompass three broad areas:

- Treasury services
- Trade finance
- Securities services

Let's take a closer look at each of these…

Treasury Services

Treasury services are financial services designed to help clients effectively manage their cash positions. Treasury services are also referred to as **cash management services** or **wholesale banking**.

More specifically, treasury services help clients:

- Collect payments as quickly as possible
- Control the disbursement of payments to employees, suppliers and others
- Maximize earnings on cash balances

Treasury services are primarily sold to (and used by) Treasury, Finance, Procurement and Supply Chain Management departments within client organizations (which include businesses and other organizations).

Treasury services include:

- Receivables services
- Payables services
- Liquidity management services

It is important to note that there is a difference between:

- ***Treasury services***, which are cash management services offered to other companies and organizations
- A financial institution's ***internal Treasury group***, which manages the institution's own cash management and related activities

Receivables Services

Receivables services are treasury services offered by banks to help clients collect on their accounts receivable more quickly and efficiently. **Accounts receivable (A/R)** represent money owed to a company but not yet paid. Accounts receivable are created when a company issues an invoice or bill.

Receivables services (sometimes referred to as **concentration services**) include:

- ACH payments
    - ACH (automated clearing house) payments are small value payments transferred electronically
    - ACH payments are used by businesses and other organizations to collect payments from customers
- Foreign exchange services
    - Banks offer foreign exchange services to help clients collect (and send) payments in multiple currencies
    - Foreign exchange (FX) services include
        - Converting one currency into another
        - Local currency in-country accounts that provide clients with access to domestic payment systems
        - FX derivatives to help clients hedge their exposures to changing FX conversion rates
- Merchant processing
    - Merchant processing (also called merchant acquisition) is a service that allows merchants to accept, process and settle card payments from their customers
    - Banks and payment processors that provide merchant processing are referred to as **merchant acquirers** or **merchant processors**, and they play an important role in the card authorization and card settlement processes
    - Merchant processing is a transaction-intensive and price-sensitive business, and it is increasingly dominated by a small number of large banks and third-party payment processors
- Mobile payment services
    - Mobile payment services allow merchants to accept mobile payments
    - Mobile payments are payments using a smartphone or other mobile device, and mobile payments are covered in more detail in the *Inside Retail Banking* course
- Integrated receivables
    - Integrated receivables consolidates all of a client's incoming payments across different payment types and provides the client with one electronic file for posting

- In some situations, this payment information is automatically sent and entered into the client's enterprise resource planning (ERP) system

Payables Services

Payables services are treasury services offered by banks to help clients manage their accounts payable and outgoing payments in a timely, controlled manner. **Accounts payable (A/P)** represent money a company owes but has not yet paid. Accounts payable are created when a company receives an invoice or bill requesting payment.

Payables services (sometimes referred to as **disbursement services**) include:

- Operating accounts
    - Businesses and other organizations use operating accounts to fund outgoing payments
    - Operating accounts are funded by collecting payments from customers and/or transferring funds from other accounts
    - Operating accounts are similar to current accounts used by retail banking customers
- Wire transfers
    - Wire transfers are payments in which funds are moved from the payer's account to the payee's account in real-time (immediately)
    - Wire transfers are used primarily for **large value payment**s, including:
        - Interbank payments
        - Large value business-to-business payments (also called **corporate payments**)
    - The use of the term "wire transfer" for large value payments comes from the days when banks would send messages to each other over telegraph wires to move money from one account to another
        - The term wire transfer has stuck around to indicate large value payment transfers in which funds are immediately (or close to immediately) debited from one account and credited to another
- ACH payments
    - Businesses and other organizations used ACH payments to pay payroll direct deposits and benefit payments (as well as to collect payments from customers as mentioned earlier in this course)
- Corporate card services
    - Corporate card services (also called **commercial card services**) are services in which a bank provides cards to a client's employees for purchases
    - The corporate client is then presented with a single invoice each month from the bank detailing all card purchases by employees
- Payroll services
    - Payroll services are treasury services banks (and other companies) offer to clients to ease the administrative burden of paying employees
    - Payroll services include:

        - Payroll processing, which requires calculating pay for each employee and producing all required earnings and tax reports for employees and the government
        - Payment processing, which involves sending payments to employees, usually through ACH payments
- Integrated payables
    - Integrated payables is a service in which a client sends a single electronic file to its bank with payment instructions for transactions involving all payment types, including wire transfers, ACH payments, checks and foreign exchange transactions
    - In some situations, this payment information is sent directly from the client's enterprise resource planning (ERP) system

Liquidity Management Services

Liquidity management services help treasury clients effectively manage their cash positions.

Liquidity management services are focused primarily on moving funds between a client's accounts and investing excess client cash to earn investment income. More specifically, liquidity management services include:

- Concentration services
    - Concentration services help corporate treasurers of bank clients move funds into centralized accounts where the funds can be more effectively managed
    - Concentration services are used by businesses that have multiple locations depositing cash on a regular basis (such as retailers)
    - As each local operation deposits its daily proceeds into its local bank branch, it reports balance and transaction information to the client's treasury group, usually through an automated reporting system provided by the concentration bank
    - Based on this information, the client's treasury group can then initiate transfers to move the local account balances into the central concentration account
- Notional pooling
    - Notional pooling allows a client to combine the balances of multiple accounts for investment purposes without actually transferring funds
    - This allows a client to take advantage of a single global liquidity position, while eliminating the costs associated with funds transfers and monitoring intra-company loans between subsidiaries
    - Notional pooling is common in Europe, but it is not allowed in some countries (including the US)
- Access to money market funds
- Sweep services
    - Sweep services are an investment service offered by treasury banks in which balances in a client's operating account above a minimum level are automatically swept out of the account and either transferred to another account or invested into a money market fund overnight

    - The following morning, the invested amount is swept back into the client’s operating account to be used as needed
- Cash forecasting tools to help clients forecast their cash flow

Trade Finance

Trade finance involves specialized services provided to companies that are buyers and/or sellers in international trade transactions (also referred to as **cross-border trade** or the **import/export business**). These services help clients:

- Make payments to sellers (exporters) in other countries
- Collect payments from buyers (importers) in other countries
- Manage the risk associated with international trade

Trade finance services include:

- Documentary collections
- Commercial letters of credit

Most international trade is conducted on an **open account** basis. In open account trading, the seller (exporter) ships the specified goods to the buyer (importer), and the importer transmits payment to the exporter based on the agreed payment terms.

However open account arrangements create risk for exporters, because they ship goods without any guarantee of payment from the buyer. As a result, open account trading is most commonly used for cross-border trade transactions between established trading partners.

Documentary Collections

Documentary collections is a service sellers (exporters) use to reduce the risk associated with international trade transactions.

In a transaction involving documentary collections, shipping documents associated with shipped goods are sent by the exporter to its bank. The buyer (importer) inspects the goods when they arrive and instructs its bank to make payment to the exporter's bank. Upon receiving payment, the exporter's bank releases the shipping documents to the importer (allowing the importer to take possession of the goods).

Documentary collections reduces some of the risk for exporters, but it does not guarantee payment from the importer. To guarantee payment, an exporter must receive a commercial letter of credit from the importer before shipping the goods.

Commercial Letters of Credit

A commercial letter of credit (L/C) is a trade finance service in which one or more banks guarantee payment by a buyer (importer).

A bank's commercial letter of credit guarantees payment as long as the seller (exporter) complies with the terms of the trade and the specification of the letter of credit.

Securities Services

Securities services are services financial institutions offer to clients who issue, invest in and/or trade securities. Clients served by this area are primarily:

- Institutional investors
- Other financial institutions, including banks and brokerage firms

Securities services include:

- Issuer services
- Broker and advisor services
- Custody

Financial institutions use different names to describe this business, although "securities services" is the term most commonly used today. Some financial institutions:

- Combine their securities services with treasury services as part of Transaction Banking
- Include securities services within their Capital Markets line of business

Securities services is a transaction and system-intensive business in which larger providers can leverage economies of scale. In addition, smaller providers do not have the resources available to make the ongoing investments in IT needed to remain competitive. As a result, securities services are offered primarily by:

- Large global banks (such as JPMorgan and Citigroup)
- Specialized banks (such as State Street and BNY Mellon) which specialize in providing securities services and investment management
- Other specialized providers who focus on specific areas of securities services, including:
    - Clearing agents who provide securities clearing to other financial institutions
    - Depositories that track the ownership of individual securities

For these providers, securities services is a stable business providing ongoing fee income and requiring relatively low amounts of capital. Securities services also creates significant opportunities for providers to cross-sell other services, including investment management and treasury services.

Securities clearing and trade settlement is covered in the *Inside Capital Markets* course.

Issuer Services

Issuer services are services offered to support corporations and other financial institutions that issue securities.

Issuer services are provided primarily by large banks and include:

- Shareholder services
    - Shareholder services are services banks offer to securities issuers in which a bank assumes some of the administrative burdens associated with managing outstanding securities
- Trustee services
    - Trustee services are services in which a financial institution serves as a trustee for a corporate trust
    - Trustee services play an important role in asset-backed securities, because the trustee is responsible for
        - Managing the assets backing the securities
        - Collecting income generated by these assets
        - Disbursing payments to investors who own the asset-backed securities

Broker and Advisor Services

Broker and advisor services are services large financial institutions offer to other financial institutions.

Broker and advisor services include:

- Trade execution
- Securities clearing
- Trade settlement
- Statement and confirmation processing
- Related IT support

Broker and advisor services allow smaller financial institutions to outsource their back-office trading operations while focusing on sales and client relationship management.

Large financial institutions active in this area also provide more sophisticated products and services than smaller financial institutions can offer to their own clients, including:

- Research and analysis
- Mutual funds
- On-line trading access and trading software

Custody

Custody refers to a variety of administrative and back-office services that financial institutions offer to institutional investors. A financial institution offering these services is referred to as a **custodian**, and most institutional investors rely on a single custodian for their entire investment portfolio.

Custody (which is also referred to as **investor services**, **investor servicing** and **asset servicing**) includes:

- Acting as an agent for institutional investors in trade settlement
- Portfolio record-keeping and accounting
- Reporting
- Securities lending and collateral management
- Collecting payments
- Risk monitoring, in which custodians monitor the risks associated with a client's portfolio, including sophisticated, proprietary risk evaluation models developed by the custodian
- Fund administration, which involves specialized services provided to investment funds

Custody is a transaction and system-intensive business in which experience and economies of scale are critical to be competitive. As a result custodians have consolidated over the years, and today the market is dominated by a small number of global custodians.

Check Your Understanding - #3 – payment services

Match each description to the liquidity management service by choosing the appropriate service from the drop down menu. Then click Submit to see if you are correct.

Concentration services	Helps corporate treasurers move funds into centralized accounts where the funds can be more effectively managed.
Sweep services	Allows clients to set a minimum balance level they want to keep in a specific account. Any amount above this level is automatically transferred to another account or invested into a money market fund.
Notional pooling	Allows clients to combine the balances of multiple accounts for investment purposes without actually transferring funds.

Check Your Understanding - #4 – trade finance

Which trade finance service guarantees payment as long as the seller adheres to the terms of the trade? Select the correct answer.

- Documentary collections services
- Commercial letters of credit
- Custody services
- Open account trading

EXECUTIVES

While every financial institution has a different organizational structure, important executives in transaction banking typically include:

- EVP, Transaction Banking
- SVP, Global Banking Sales
- SVP, Financial Institutions
- SVPs, Product Management
- EVP, Global Technology and Operations

EVP, Transaction Banking

The EVP (or Senior Managing Director) of Transaction Banking is responsible for the overall profitability and growth of the financial institution's transaction banking businesses.

In most financial institutions, the Transaction Banking group reports up through Corporate Banking. However:

- For large transaction banking providers, Transaction Banking is often managed as an independent group within Corporate Banking (or even as an independent line of business parallel to Corporate Banking) and is an important contributor to the overall revenue and profitability of the financial institution
- Many small financial institutions outsource some (or all) of their transaction banking operations to larger institutions

Other common names for this line of business include **Transaction Services** and **Wholesale Banking**.

This executive typically has responsibility for all of the services and most of the activities related to transaction banking, including:

- Business strategy and product development
- Marketing
- Client service
- Technology and operations
- Human resources
- Regulatory compliance

In some financial institutions this group has its own sales force, but in most financial institutions transaction banking services are sold through the institution's account managers.

Executives reporting to the EVP of Transaction Banking typically include:

- SVP, Financial Institutions
- SVPs, Product Management

SVP, Global Banking Sales

The SVP (or Managing Director) of Global Banking Sales is responsible for sales to and relationship management of the financial institution's large corporate clients.

This executive's responsibilities include:

- Managing Global Banking's account managers
- Increasing revenue associated with large corporates
- Ensuring account managers have the operational and technology support needed to perform their functions

Individual account managers are responsible for bringing in new clients and maintaining client relationships. These account managers are typically organized by client industries and/or geographic regions. As transaction banking and other needs arise, these account managers coordinate with product specialists to meet client needs.

The products and services used by large corporates are managed by other areas of the financial institution, so the SVP of Global Banking Sales (and individual account managers) must work closely with other executives to ensure the needs of large corporate clients are met.

The SVP of Global Banking Sales reports to the EVP of Global Banking.

SVP, Commercial Banking Sales

The SVP (or Managing Director) of Commercial Banking Sales is responsible for sales to and relationship management of the financial institution's small and medium enterprises (SMEs) or middle market companies.

This executive's responsibilities include:

- Managing Commercial Banking's loan officers
- Increasing revenue associated with SMEs or middle market companies
- Ensuring loan officers have the support needed to perform their functions

Individual loan officers are responsible for bringing in new clients and maintaining client relationships. These loan officers are typically organized by geography with some specialization by client industry. As transaction banking and other needs arise, these loan officers coordinate with product specialists to meet client needs.

The SVP of Commercial Banking Sales reports to the EVP of Commercial Banking.

SVP, Financial Institutions

The SVP (or Managing Director) of Financial Institutions is responsible for sales to and relationship management of other financial institutions. These responsibilities include:

- Overall customer profitability generated from other financial institutions
- Increasing sales volumes and managing Account Managers
- Managing segment-specific marketing campaigns

Other names for this group include **Correspondent Banking** or the **Financial Institutions Group**.

The products and services used by other financial institutions are managed by product executives, so the SVP of Financial Institutions must work closely with other executives to ensure the needs of other financial institutions are met.

The SVP of Financial Institutions reports to the EVP of Transaction Banking.

SVPs, Product Management

Banks have multiple SVPs (or Managing Directors) responsible for managing specific product lines within the transaction banking. These SVPs include:

- SVP, Trade Finance

- SVP, Custody
- SVP, Foreign Exchange Services
- SVP, Merchant Processing
- SVP, Corporate Card Services
- SVP, Wire Transfers
- SVP, ACH Processing
- SVP, Trade Settlement

These executives are typically responsible for:

- Profitability and revenue
- Market share
- Marketing
- Average account balances
- Operational and IT support

…associated with their specific products.

These executives typically report to the EVP, Transaction Banking.

Check Your Understanding - #5 – important executives

Match each description to the correct executive by choosing the appropriate executive from the drop down menu. Then click Submit to see if you are correct.

SVP, Global Banking Sales	Responsible for sales to the institution's large corporate clients.
SVP, Financial Institutions	Responsible for managing correspondent banking relationships.
SVP, Commercial Banking Sales	Responsible for managing the institution's relationship with small and medium enterprises.

INDUSTRY CHALLENGES

The primary challenges facing the transaction banking industry today include:

- Changing client expectations
- Digital disruption
- Regulatory burden

Changing Client Expectations

Corporate treasury departments (especially those of large multi-national corporations) are increasingly sophisticated. They are looking for banks that can go beyond basic payment services to help them:

- Gain a real-time understanding of global cash and liquidity positions
- Make better business decisions related to cash, liquidity and short-term investments
- Connect to evolving payment systems
- Address short-term financing needs (referred to as **working capital**)
- Identify and manage cybercrime and fraudulent transactions
- Recognize risks in their global supply chains
- Minimize manual, paper-intensive and inefficient back-office processes

In response, leading transaction banks are investing heavily in technology to:

- Integrate delivery channels to provide clients with seamless, omnichannel experiences
- Improve connectivity with clients and third-party corporate treasury system providers to enhance automation
- Adapt existing payment infrastructures to support evolving payment systems and ecommerce platforms
- Expand online treasury portals and mobile apps to provide clients with access to:
    - Real-time or intra-day balance and transaction reporting
    - Payments initiation
    - Account reconciliation services
    - Online image archives of checks and other items
    - Historical databases of debit and credit payment entries
    - Integrated receivables and integrated payables
    - Information on money market, overdraft and foreign exchange rates
    - Background on foreign markets, such as local regulations and political risks
- Provide easier access to short-term credit facilities
- Expand supply chain finance and export credit insurance services
- Employ biometrics to improve user authentication and identification

Digital Disruption

Changing clients, advances in technology, new competitors and new business models are transforming the financial services industry. The convergence of these transformative drivers is often referred to as **digital disruption**.

The most important, disruptive advances in technology for the transaction banking industry include:

- Analytics, machine learning and big data
- Mobile technology
- Cloud computing
- Blockchain and digital currencies
- Robotic process automation
- Application programming interfaces (APIs)

Digital disruption is fueling the growth of financial technology or **fintech**. While the term fintech is used in many different ways, the most common use defines fintech as newer, technology-driven services and solutions within the financial services industry. In transaction banking, examples of fintech include:

- New payment services, including mobile payments, P2P payments and **real-time retail payments**
- Alternatives to traditional merchant processing offered by fintech firms such as PayPal, Square and iZettle
- Online B2B marketplaces, such as Alibaba and Amazon Business

This digital disruption is creating challenges for existing transaction banking providers as they struggle to meet client expectations and respond to new competitors. However, digital disruption also creates significant opportunities for existing providers to transform their own businesses by leveraging these advances in technology. For example, banks are:

- Investing in predictive modeling, data visualization and machine learning to improve fraud analytics and cash forecasting for clients
- Exploring the use of blockchain for trade finance, securities services and other transaction banking areas
- Utilizing robotic process automation to automation manually intensive business processes
- Expanding the functionality on mobile apps to support clients
- Using natural language processing software and artificial intelligence to scan trade finance documents and extract relevant information
- Leveraging cloud-based services to compete more effectively with large transaction banks
- Developing APIs to support multiple payment methods

Regulatory Burden

Since the global financial crisis, regulation of the financial services industry has increased significantly. In transaction banking, the most important regulations facing providers today include:

- Anti-money laundering regulations
- MiFID II
- PSD2
- Money market reforms

Check Your Understanding - #6 – Changing Client Expectations

How are transaction banks responding to changing client expectations? Select the best answer.

Leveraging new technology

Eliminating online treasury portals

Reducing the number of new payment infrastructures

Decreasing reliance on short-term credit facilities

FINAL TEST

To successfully complete this course, you must score at least 70% on the test. There are 10 questions in total. When you have answered all the questions in the test, submit it to info@goto-psi.com and it will be graded. Good luck!

Question #1

Which executive is typically responsible for overseeing account managers focused on large corporate clients? Select the best answer.

SVP, ACH Processing

SVP, Financial Institutions

SVP, Global Banking Sales

SVP, Commercial Banking Sales

Question #2

Which are customers of transaction banking providers? Select all that apply.

Middle market companies

Local government agencies

Other financial institutions

Private banking clients

Question #3

What services are designed to support the import/export business? Select the correct answer.

Supply chain finance

Trade finance

Receivables services

Payables services

Question #4

Which transaction banking providers are increasingly outsourcing some (or all) of their transaction banking operations? Select the correct answer.

Small banks

Global banks

Payment processors

Treasury processors

Question #5

Which services help companies collect payments, disburse payments and maximize earnings on their cash balances? Select the correct answer.

Trade finance

Treasury services

Securities services

Custody services

Question #6

Which is a significant regulation impacting transaction banking providers today? Select the best answer.

Anti-money laundering regulations

Basel III

Volcker Rule

Fundamental Review of the Trading Book (FRTB)

Question #7

What do merchant processing services allow merchants to do? Select the correct answer.

Accept card payments from customers

Consolidate funds from multiple deposit accounts

Export goods with guarantees of payment

Pay payroll direct deposits and benefit payments

Question #8

Which is a responsibility of the SVP of Commercial Banking Sales? Select the correct answer.

Relationship management of middle market companies

Management of retail banking loan officers

Increasing revenue associated with large corporates

Sales to other financial institutions

Question #9

Which are a real-time, large value payment service? Select the correct answer.

ACH payments

Giro payments

QUICK transfers

Wire transfers

Question #10

Which are disruptive technological advances impacting the transaction banking industry? Select all that apply.

Machine learning

Drones

Blockchain

Virtual reality