

## Financial Institutions: Shifting priorities in unprecedented times

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- Jonathon: [00:00](#) You're listening to the treasury insights podcast. This podcast is part of our broader objective to foster a treasury relationship that prepares you for the future supports more strategic decision making creates efficiencies and helps manage risk. Put another way we want to give you the power to see what's next. The relationship between finance and economic growth has been discussed for decades. In these times, the relationships with financial institutions are evolving and their focus is changing. I'm Jonathon, Traer-Clark, Managing Director, GTS, and with me is Stephanie Wolf, Global Financial Services Companies and Governance GTS Sales Head, and Paul Taylor Head of FI GTS. Our hosts will examine the enduring nature of relationships with financial institutions and what we are hearing from our clients. Hi Stephanie. Hi Paul.
- Stephanie: [00:54](#) Hey Jonathon.
- Paul: [00:55](#) Hey Jonathon.
- Jonathon: [00:56](#) Stephanie, let's start with you. Could you tell us in a broad sense, what are we hearing from clients today?
- Stephanie: [01:03](#) It's really interesting when I think about the last four months that we've been in an environment that none of us have seen during our lifetimes, I have found that our clients are so similar, they're similar to each other. They're similar to us. The first and foremost concern of all of our clients is the people in their franchise. We sent hundreds of thousands of employees to work from home and all of our clients did the same thing. The first consideration of every client was their people, their safety, their health, and their emotional wellbeing. That has played a greater and greater role as the months go by. The second consideration is your client franchise and how best to serve them. I find all of our clients have gone about this in the exact same way.
- Stephanie: [02:05](#) The first and most important issue is to make sure that your operations can function in the same manner they were before a work from home environment. Are all pieces of data and information, and of course, underlying funds moving the way they should? We all ran into bumps in the road. For example, if a particular country instituted a lockdown order in a very short period of time, how did you react to that? The operations was the first thing we considered in serving our clients. The second thing was digital interface. We have learned all companies and thankfully Bank

of America has a great reliance on digital interaction with our clients. We were able to showcase that interaction and we were able to build upon it to become even more reliant on the digital interface. Yesterday was the last day of the second calendar quarter, and we at Bank of America had the largest number of CashPro logins ever in our history.

Stephanie: [04:28](#) That's quite an accomplishment. It's very exciting for us and our clients. What all of our clients learned is you must be able to do anything from anywhere for your clients and that leads to digital. The last thing I will mention is we have all thought about the risks inherent in our business. I briefly mentioned operational risk. There is no diversion of money or information to a place that it should not go, but we've also had to deal with credit risk. We have as a bank to consider the credit risk of those clients, and all of our companies have had to do the same. Last but not least the AML risk has not gone away during this time that we've all been asked to step away from our offices. All of our plans are making sure that we are protecting ourselves against any money laundering or terrorist money movement in the system.

Jonathon: [04:28](#) Wow, thank you, Stephanie. Quite a very comprehensive list there. If I sum up, you talked about people, clients, and then risks in terms of our priorities and the things that we have to think about, and I think you made the point that is very similar to what we're going through as a bank as well today. Paul, how have you seen the relationships changed in the FI space now compared to earlier in the year? It sounds like you probably would echo a lot of what Stephanie was saying.

Paul: [04:54](#) Thank you, Jonathan. Of course, financial institutions have always been very close in how they interact and how they share information. We are an ecosystem and our job as financial institutions is to provide really the respiratory system to the global economy. We work together to support commerce. We work together to support consumers, that's our job. In that sense, I wouldn't say that this crisis has changed our cooperation. I would say it's intensified it.

Paul: [05:28](#) We're talking about three things. We are all focused on protecting our clients from risk, whether that be country risk, especially where a country is experiencing a particularly tragic level of coronavirus or a particularly impactful level of lockdown. Credit risk. One of the things that we do as bankers is to measure and price risk and assess risk on behalf of our partners and our clients. We help our underlying clients to judge the extent which their network is going to be impacted. Their ability to do business is going to be impacted by counter party risk.

Paul: [06:08](#) The second, I would say, is about business continuity. Tell me about what your operational processes are. Tell me about how your operations have been impacted by this crisis. When you see a breakdown in physical

processes or physical supply chains, as a result of simultaneous lock downs in different parts of the world, where those geographies, where the lock down has been imposed are core to how our clients do business, or indeed their underlying clients do business that, to Stephanie's point, leads to greater cooperation and collaboration around technology.

- Paul: [06:47](#) Lastly, we're talking more than ever about our future technology investments, because we all recognize that coming out of this is going to be a lot less manual process. There's going to be a lot more digital and nobody wants to invest those dollars in a technology, which is not going to be industry standard. We're talking more than ever about buy versus build decisions around our technology road map.
- Jonathon: [07:11](#) Thanks, Paul. You've both sort of indicated that the conversations have changed from where they were three or four months ago. We're living in a very, very different world. You mentioned technology and processes and operational documentation, and then you branched into, how we work together, and you mentioned ecosystem. How's that modify the dynamics of where they're focusing their resources and their efforts, and how have we responded in partnership with them?
- Paul: [07:35](#) Great question. I speak for all of our financial institution partner when I say that we are facilitators. Our job is to support our underlying clients to make their financial lives better. Our premier reason to exist is to be able to serve clients both in the short term and the long term, and to protect them from risk, whether that be technology risk, process risk, credit risk, liquidity risk. The conversation with the partners over the last few months has intensified, has crystallized around that ability to ensure continuity of service, continuity of production, continuity of support.
- Paul: [08:18](#) One of the most tragic side effects is a number of companies themselves have been put at risk either because the business is no longer there for them, or because they're just no longer able to operate. We as financial services companies, we can help by making available capital. We can help by supporting business models. We can help by joining dots between different countries or different processes. More and more of the conversation between ourselves and our financial institutional partners has been trying to understand how we can do a better job by working together to support those underlying clients.
- Jonathon: [08:54](#) Thank you. Stephanie, I'm just wondering if you're seeing from a broader perspective changes in priorities for the financial services companies and the governments that you also support and your team look after globally..
- Stephanie: [09:06](#) An absolute change of priorities, Jonathon. Over the past several months, there has been a call to action around the world, across governmental entities and across commercial banks to assist the individuals and the

company, both for individuals for small businesses and for large businesses. So if you think about what it takes to stand up assistance programs and to distribute funds to millions and millions of people that work within the United States, I haven't crossed a border and there has been a constant set of objectives and priorities that go to helping individuals who are under stress.

- Stephanie: [09:57](#) Most banks in the United States, including quite prominently Bank of America, stepped up into that opportunity to assist small businesses. Those programs are continuing and certainly involve a large number of people in our company and others. Companies are taking it upon themselves to reach out to their constituents and say, I know you're having a tough time, I can help. And that includes deferring payments of interest and principal on a mortgage loan or a credit card or an auto loan. I talked about helping clients in their day-to-day business, as usual, even though nothing is usual right now. Here is where our companies have put a priority on top of that to help where there is a stress in a community, in a family or in a business. I personally have been very proud to see it from my business, our company. It has been really, truly an honor to watch what companies have done during this time of stress.
- Jonathon: [11:10](#) Brilliant. What other advances do you see happening in the future? We've talked a bit about real time payments. I can see things like Zelle, they're all technology based, which was one of the themes that you outlined at the beginning of the conversation. But I wonder if you could talk a bit more about what excites you going forward?
- Stephanie: [11:26](#) I'm most excited about cross border, low value payments. Most of the world in the past several decades have used wires to move money across borders; high value wires. We are clearly a strong participant in SWIFT's network, and we expect at Bank of America to continue to be a permanent participant. We have to have open a lot of its investment resources to add transparency to cross border payments. Adding transparency has interestingly resulted in greater speed and efficiency of payments. However, when you think about what we call low value payment networks outside of the European union, and very few other places, low value networks are domestic. They don't cross a border. As a result there is a lot of investment and technology and thought and passion into ensuring that we can move low value payments across border at an efficient and speedy, safe from a risk perspective, but low cost means.
- Stephanie: [12:56](#) Real-time payments and Zelle, you clearly have domestic networks, that again, outside of the European union and very few other places, haven't crossed the border. The most exciting growth element in the future is linking real-time payment networks across borders, by the way, SWIFT has done several tests and several corridors of its GPI Instant. Other

companies using Blockchain have had similar success. The network you refer to is going to low value payments across border from one currency to another currency in a safe, efficient, and fast manner.

Jonathon: [13:44](#) Brilliant. Paul, is there anything else that you would highlight or any other points of view that you may have seen? I'd love to know what other innovations you see happening globally?

Paul: [12:25](#) It's really to support what Stephanie was saying. For me, transparency as motivated by the norms of today. Think about how we can track packages, think about how we see labels on the site of food, which give us more information than we've ever had before. Transparency as enabled by what's possible from a technology perspective. The fact that we have moved from an ACH processing cycle, a check processing cycle, which used to take days, if not weeks, in some cases to one which clears and settles in less than 17 seconds now in a number of different markets around the world. That just wasn't possible before and today technology makes that possible. Transparency as enabled by data.

Paul: [14:41](#) Data, we have more of than ever before, and the ability to harvest that and the ability to use that leads to and supports greater transparency. That transparency for me is the watch word. I think that transparency is what is driving a lot of banking regulation, nowadays. Transparency around pricing, transparency around underlying process, transparency around underlying flow that lends itself that drive for transparency supported by the technology supported by the data supported by market expectation. It leads to Zelle. It leads to the fact that in Europe, we've seen an increase in the limit for instant SEPA credit transfer. We've seen an increase in the limit per transaction for UK Faster Payments. All of that is enabled by technology and it is a drive towards greater transparency, greater accountability.

Jonathon: [15:40](#) Thanks, Paul. That's phenomenal. I think that transparency creates an enormous amount of opportunity. What's the one piece of advice you would give our listeners and how can that help our clients?

Paul: [15:53](#) Banks are sophisticated, heavily regulated ecosystems that calibrate capability and risk to the nth degree, to a level that allows us to serve our clients. We have technology. We invest massively in technology. We invest massively in operations. We calculate risk infinitely, and whilst we don't have all the answers, we can fill in a lot of the blanks and given everything that has happened this year in the world. My key piece of advice is know your friends and work with those friends to make sense of this crazy world together.

Jonathon: [13:43](#) That's brilliant. Stephanie, what's your perspective? What's the piece of advice you would leave our listeners with and how can it help them with

their clients?

- Stephanie: [16:37](#) My advice is don't accept the status quo because the status quo no longer exists. If you have a system that is paper-based, then find a way to make it digital. If you believe we should do it that way, because we've always done it that way. Shed that thought. If you have a vision on how to make something better, faster, cheaper, raise your hand and make sure that you try to change the status quo because there is no time like the present, and I have never seen a more accepting environment than there is right now to do things differently.
- Jonathon: [17:23](#) That's wonderful. On that note, I think we'll leave it there. I'm going to say an enormous thank you to both Stephanie and Paul for their extraordinary insights. I'm sure we'll be hearing a lot more. I hope to hear a lot more in fact, from both of you on this and many other topics in the future.
- Stephanie: [17:40](#) Thank you.
- Paul: [17:41](#) Thank you, Jonathan.
- Jonathon [17:43](#) You've been listening to treasury insights. I'm Jonathon Traer-Clark Managing Director, GTS. My cohosts today are Stephanie Wolf, Global Financial Services Companies and Governments GTS Sales Head and Paul Taylor Head of Financial Institution Sales for GTS. As each day brings innovation and opportunity, we are dedicated to working with you to turn technology advances into intelligence treasury.

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