

Excellent Award for Global Practice in Bank Relationship Management 2023

Vallstein helps companies large and small to gain transparency in their banking relationships. Its fundamental benefit is to reduce the uncertainty and inefficiency of bank relationship management processes, enabling clients to make informed, fact-based decisions regarding the selection of banks or other financial services.

Vallstein Clearly Better Banking

Company: Vallstein
Web Address: www.vallstein.com
Contact Name: Hugo van Wijk

Vallstein believes that many companies have more bank relationships than are strictly necessary, often owing to a lack of transparency. It also realises that for many banks it is a relatively minor number of commercial and corporate clients who bring them the largest revenue shares. Therefore, it is eager to reduce inefficiencies on both sides, and increase the potential for cost reduction overall. This creates a win-win situation for both sides, with shared benefits for all parties.

Vallstein's intention is to ensure companies fully understand how their banks earn money

from their commercial customers. It realises that businesses have a tendency to shop around, comparing a number of banks' pricing per product, and selecting the cheapest from each one. However, it knows this causes fragmentation and inefficiencies – the very things that Vallstein is eager to improve upon. It educates clients on how if a company were able to put all the products it wanted in one basket, and negotiate an all-in banking price, it would be able to get a better deal. This is just an example, as it is not suggesting a business should concentrate everything with just one bank, but

they should look for what works best for them overall, with everything of course dependent on the individual situation.

The other situation Vallstein can assist with is objectively determining what constitutes a fair price for services, such as the interest margin for credit facilities. With its technical help, it feels that businesses can make calculations regarding reasonable interest margins for their specific company themselves, taking into account their own credit risk. This is possible by applying Vallstein's own *WalletSizing* methodology, a product which in essence provides a look at banking relationships through the eyes of the banks a client is using. Applying the Basel Rules on Regulatory Capital to specific credit situations allows companies to determine the reasonable terms and conditions applicable to their specific situation, whilst still providing the bank with a fair (but not excessive) return on the assumed credit risk.

Following almost a decade of negative interest rates, 2023 is seeing a profound change in the banking climate. Things are returning to normality, with positive interest rates back again. The impact this is having for companies is making managing bank relationships even more important. Financial expenses have, all of sudden, become an important line item in P&L, where savings have a major impact on net profit. Unfortunately, with the current economic climate being somewhat uncertain, banks are taking a more careful view of extended credit lines. Another influence on the sector is that of Fintech, which is becoming more mature, and thus clearer to observe in terms of what works and adds value. This has brought interesting development for banks, although it also makes it more imperative for companies to do their due diligence when negotiating terms and conditions.

Vallstein promotes flexibility in delivering its services and solutions. Currently a considerable amount of work is done through partner consultants like Accenture and KPMG. This enables it to serve more clients in worldwide locations, alongside its direct clients. Technology has also developed significantly, and clients can access delivery formats ranging from near DIY to managed services, where they outsource all the bank relationship management, analytics, and decision preparation to Vallstein. It is also actively involved in negotiations with the banks themselves, particularly with smaller clients. Its essential *WalletSizing* methodology is something that levels the playing field when it comes to negotiating with banks, as companies need to be correct in their numbers to be able to get the best results.

Vallstein has now been presented with the Excellent Award for Global Practice in Bank Relationship Management 2023, from the Worldwide Finance Awards. This prestigious title is indicative of all the amazing work the company is doing to provide clients with such incredible analytics. Well done Vallstein, it really is making a tremendous difference.

