



Pricing of Banking Services: More Clarity Please

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Is anything more important than confidence in the relationships between a company and its bank?

It is the responsibility of bankers to provide their customers with clarity in all points: services they can deliver, implementation deadlines... and obviously pricing. Unfortunately in the payments and cash management domain, this has not always been the case. This has to change as hidden costs lead to complaints from customers even after the most detailed tenders, and to wrong assessments of competitiveness of banking offers (distortion of concurrence).

Indeed, there are many items which are more or less hidden and represent a cost for customers even if they are not an actual direct fee. These include:

- transaction fees;
- booking fees;
- percentage on debited amount;
- floats;
- value dates;
- ...and more.

In reality, how could a foreign company be expected to know about the Austrian *Manipulationsgebühr* fee or the float on the French *Titre Interbancaire de Paiement*?

At one time banks had to be imaginative to compensate for offering some services with acceptable pricing with no relation to

processing costs. Cheques are a perfect example of payments which are extremely expensive to process with low or no related fees, which can be explained by pressure from local authorities to maintain a type of payment widely used by individuals.

Fortunately the European Payment Service Directive has brought a bit of order, and some hidden items have disappeared (e.g., the French *Commission de mouvement*), or been regulated (e.g., no float on incoming SEPA Credit Transfers).

An important step towards gaining clarity is the Bank Services Billing initiative. Initially offered in the US, this service crossed the Atlantic to Europe a couple of years ago. It aims to provide bank customers with a structured, comprehensive and comparable overview of bank charges. Thanks to the rise of ISO 20022 and the use of XML syntax (TWIST BSB was previously used), companies can now receive a file using the so-called camt.086 format that offers detailed reporting of fees related to account management payment and cash management services: detailed information helps volumes and costs of different items to be checked and analysed, and the structured format allows automated and central processing of the information.

In Europe, demand for camt.086 started in Germany and is now growing in France under a new initiative supported by AFTE, the French Association of Corporate Treasurers. Not surprisingly, banks which are not yet equipped to provide this service are listening carefully to this request.

Clarity leads to confidence and confidence to long-term relationships and mutual benefit. □