

Unprecedented Challenges Make Cash and Liquidity Management a Top Priority

2016 Greenwich Leaders: European Corporate Banking and Cash Management

Q1 2016

BNP Paribas strengthened its already market-leading position in European corporate banking last year in part by picking up new clients in cash management—a business that usually experiences a low level of change of provider—is experiencing a bout of nearly unprecedented volatility due to the retrenchment and exit of some major providers.

Sixty percent of large European companies with at least EUR 2bn in turnover use BNP Paribas for corporate banking and 38% use the bank for cash management, according to the results of the Greenwich Associates 2015 European Large Corporate Banking and Large Corporate Cash Management Studies. Those results place BNP Paribas comfortably ahead of competitors in both businesses.

In corporate banking, HSBC ranks second behind BNP Paribas with a market penetration score of 51%, followed by Deutsche Bank at 46% and the trio of Citi, UniCredit and RBS. These banks are the 2016 Greenwich Share Leaders in European Top-Tier Large Corporate Banking.

In large corporate cash management, HSBC and Deutsche Bank tie for second place behind BNP Paribas, with market penetration scores of 30%-31%, followed by Citi at 27% and UniCredit at 23%. These banks are the 2016 Greenwich Share Leaders in European Top-Tier Large Corporate Cash Management.

The 2016 Greenwich Quality Leaders in European Top-Tier Large Corporate Banking are BNP Paribas, Citi, Deutsche Bank and UniCredit. Driven by strong performance in their three western European home markets, two of which are among the five largest economies in Europe, UniCredit also claims the title of 2016 Greenwich Quality Leader in in Top-Tier Large Corporate Cash Management.

Cash/Liquidity Management Become Top Priorities

It's no accident that the leader in European corporate banking is showing strength in cash management. Cash and liquidity management rank by far as the top concerns of corporate treasury departments participating in the Greenwich Associates 2015 study. Two factors have elevated cash and liquidity management to top priority:

Greenwich Share Leaders — 2016



European Top-Tier Large Corporate Banking Market Penetration

Bank	Market Penetration ¹	Statistical Rank
BNP Paribas	60%	1
HSBC	51%	2
Deutsche Bank	46%	3
Citi	36%	4T
UniCredit	35%	4T
RBS	34%	4T

Note: Based on 635 respondents from top-tier companies.

European Top-Tier Large Corporate Cash Management Market Penetration

Bank	Market Penetration ²	Statistical Rank
BNP Paribas	38%	1
HSBC	31%	2T
Deutsche Bank	30%	2T
Citi	27%	4
UniCredit	23%	5

Note: Based on 688 respondents from top-tier companies.

Eurozone Large Corporate Banking Market Penetration

Bank	Market Penetration ¹	Statistical Rank
BNP Paribas	68%	1
Deutsche Bank	52%	2
HSBC	49%	3
UniCredit	47%	4
Commerzbank	40%	5

Note: Based on 396 respondents from top-tier companies.

Eurozone Large Corporate Cash Management Market Penetration

Bank	Market Penetration ²	Statistical Rank
BNP Paribas	48%	1
Deutsche Bank	35%	2
UniCredit	31%	3
HSBC	30%	4
Citi	26%	5T
Commerzbank	26%	5T

Note: Based on 431 respondents from top-tier companies.

Note: Proportion of companies interviewed that consider each bank an important provider of: ¹corporate banking services; ²corporate cash management services. Top-tier companies include those with revenue and/or market capital in excess of €2.0 billion and larger foreign subsidiaries. Leaders are based on top 5 banks including ties. Source: Greenwich Associates 2015 European Large Corporate Banking Study, 2015 European Large Corporate Cash Management Study

1. With the European Central Bank and central banks of a number of non-Euro countries pushing interest rates to negative levels, the question of how to allocate cash reserves has become a critical issue for European companies. Given that many companies are relatively cash rich following an extended period of low interest rates and favorable credit conditions while investment opportunities are looked at with increasing caution, cash and liquidity management will remain a leading priority in the year ahead. In Denmark, 60% of treasury professionals cite negative interest rates as a top concern for 2016.
2. The exit of RBS from transaction services outside of the United Kingdom and pull-backs by other leading banks are causing disruption in the usually staid corporate cash management business. Because switching costs associated with changing a corporate cash management platform are so onerous, turnover rates among providers traditionally are extremely low. But amid the volatility caused by shifts in bank business strategies, an impressive 20% of European corporate treasury departments name “switching cash management providers” as the top challenge they face in 2016.

“Banks that can help large companies successfully navigate unprecedented challenges like negative interest rates and the need to unexpectedly switch cash management providers are differentiating themselves from competitors and winning new clients,” says Greenwich Associates consultant Dr. Tobias Miarka. “But in some ways this represents a new challenge for banks, since it’s difficult to make money while providing this level of service in a low-margin business like cash and liquidity management.”

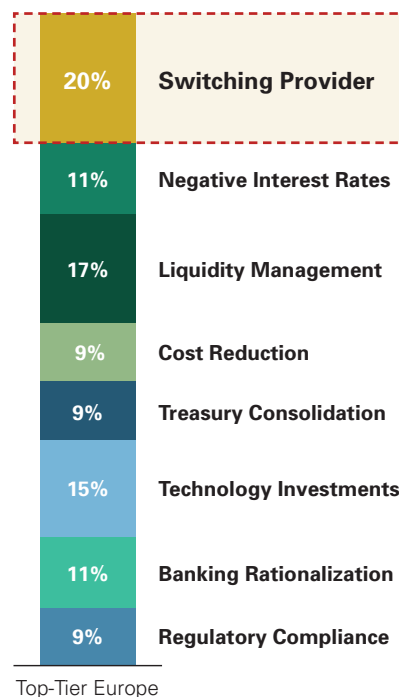
Shifting Competitive Landscape

For BNP Paribas and other banks that are picking up cash management business from retrenching rivals, the challenge for the next two years will be integrating these new clients and retaining their business.

For many other banks, meeting large European companies’ growing international need for corporate banking and cash management service will represent a primary challenge going forward. “Regional banks in Europe are trying to expand their international capabilities in step with the growing international businesses of their large corporate clients,” says Greenwich Associates consultant Robert Statius-Muller. “But given the level of investment required, they are struggling to keep pace with global banks like Citi and HSBC that make international reach a centerpiece of their business offerings.”

Consultants Dr. Tobias Miarka, Robert Statius-Muller and Melanie Casalis specialize in corporate and investment banking in Europe.

Top Challenges Faced by Treasury Departments



Note: Based on 688 responses from top-tier companies in Western Europe.
Source: Greenwich Associates 2015 European Large Corporate Cash Management Study

Methodology

Greenwich Associates conducted 2,585 interviews with financial officers (e.g., CFOs, finance directors and treasurers) at corporations and financial institutions with sales in excess of €500 million, including 1,122 with sales of at least €2 billion. Interviews were conducted throughout Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. Interviews took place from August through November 2015. Subjects covered included bank credit capabilities, domestic and cross-border advisory capabilities and equity underwriting capabilities. Cash management and debt capital markets capabilities were examined in separate interviews with corporate treasurers.

The findings reported in this document reflect solely the views reported to Greenwich Associates by the research participants. They do not represent opinions or endorsements by Greenwich Associates or its staff. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Greenwich Associates compiles the data received, conducts statistical analysis and reviews for presentation purposes in order to produce the final results.

Greenwich Share and Quality Leaders — 2016

European Large Corporate Banking by Country



European Large Corporate Banking Market Penetration	Market Penetration	Statistical Rank
Austria (48)		
UniCredit	94%	1
Raiffeisen Bank International	85%	2
Erste Bank	60%	3
Belgium/Luxembourg (90)		
BNP Paribas Fortis	90%	1
ING Bank	80%	2
KBC Bank	62%	3
Denmark (47)		
Nordea	85%	1
Danske Bank	81%	2
SEB	38%	3
Finland (67)		
Nordea	99%	1
Pohjola	93%	2
Danske Bank	90%	3
France (80)		
BNP Paribas	98%	1
Société Générale	85%	2T
CA-CIB	83%	2T
Germany (233)		
Commerzbank	81%	1
Deutsche Bank	78%	2
UniCredit	66%	3
Italy (148)		
Intesa San Paolo	96%	1
UniCredit	90%	2
BNP Paribas	84%	3
The Netherlands (111)		
ING Bank	81%	1
Rabobank	69%	2
ABN AMRO	67%	3
The Nordics¹ (384)		
Nordea	85%	1
SEB	64%	2T
Danske Bank	64%	2T
Norway (125)		
DNB	93%	1
Nordea	81%	2
Danske Bank	58%	3T
SEB	57%	3T
Spain (90)		
BBVA	87%	1
Santander	83%	2
CaixaBank	76%	3
Sweden (146)		
Nordea	82%	1T
SEB	80%	1T
Handelsbanken	64%	3
Switzerland (82)		
UBS	79%	1T
Credit Suisse	77%	1T
Deutsche Bank	56%	3
United Kingdom (191)		
RBS	80%	1T
HSBC	79%	1T
Barclays	70%	3

European Large Corporate Banking Quality

Austria (48)
UniCredit
Belgium/Luxembourg (90)
BNP Paribas Fortis
Denmark (47)
Danske Bank
Nordea
Finland (67)
Nordea
France (80)
Société Générale
Germany (233)
Commerzbank
Deutsche Bank
Italy (148)
Intesa San Paolo
The Netherlands (111)
ABN AMRO
ING Bank
The Nordics¹ (384)
Danske Bank
Nordea
Norway (125)
DNB
Spain (90)
BBVA
Santander
Sweden (146)
SEB
Switzerland (82)
Credit Suisse
Deutsche Bank
United Kingdom (191)
Barclays
Lloyds

Note: Numbers in parentheses reflect number of respondents. Market Penetration is the proportion of companies interviewed that consider each bank an important provider of corporate banking services. Country leaders are based on Top 3 leading banks including ties. Quality leaders are cited in alphabetical order including ties. ¹Meaningful presence in three of the four Nordic countries was required for consideration. Source: Greenwich Associates 2015 European Large Corporate Banking Study

Greenwich Share and Quality Leaders — 2016

European Large Corporate Cash Management by Country



European Large Corporate Cash Management Market Penetration	Market Penetration	Statistical Rank
Austria (48)		
UniCredit	88%	1
Raiffeisen Bank International	60%	2
Erste Bank	27%	3T
Commerzbank	25%	3T
Belgium/Luxembourg (97)		
BNP Paribas Fortis	76%	1
ING Bank	62%	2
KBC Bank	47%	3
France (94)		
BNP Paribas	90%	1
Société Générale	76%	2
HSBC	50%	3T
CA-CIB	46%	3T
Germany (241)		
Commerzbank	64%	1T
Deutsche Bank	64%	1T
UniCredit	48%	3
Italy (153)		
Intesa San Paolo	88%	1
UniCredit	76%	2
BNP Paribas	70%	3
The Netherlands (132)		
ING Bank	60%	1
ABN AMRO	48%	2
RBS	38%	3T
Rabobank	36%	3T
The Nordics — Top-Tier¹ (134)		
Nordea	74%	1
Danske Bank	46%	2T
SEB	44%	2T
Norway (153)		
DNB	71%	1
Nordea	38%	2
Danske Bank	21%	3
United Kingdom (212)		
HSBC	53%	1
RBS	49%	2
Barclays	39%	3



European Large Corporate Cash Management Quality

Austria (48)
Raiffeisen Bank International
UniCredit

Belgium/Luxembourg (97)
BNP Paribas Fortis

France (94)
BNP Paribas
Société Générale

Germany (241)
Commerzbank
Deutsche Bank
UniCredit

Italy (153)
Intesa San Paolo
UniCredit

The Netherlands (132)
ABN AMRO

The Nordics — Top-Tier¹ (134)
Danske Bank
DNB
SEB

Norway (153)
DNB

United Kingdom (212)
*

Note: *Quality evaluations did not yield statistically differentiated banks for this region. Numbers in parentheses reflect number of respondents. Market Penetration is the proportion of companies interviewed that consider each bank an important provider of corporate cash management services. Country leaders are based on Top 3 banks including ties. Quality leaders are cited in alphabetical order including ties. ¹Meaningful presence in three of the four Nordic countries was required for consideration.

Source: Greenwich Associates 2015 European Large Corporate Cash Management Study

Greenwich Quality Leaders — 2016



European Top-Tier Large Corporate Banking Quality

Bank

BNP Paribas
Citi
Deutsche Bank
UniCredit

Note: Based on 635 respondents from top-tier companies.

European Top-Tier Large Corporate Cash Management Quality

Bank

UniCredit

Note: Based on 688 respondents from top-tier companies.

Eurozone Large Corporate Banking Quality

Bank

BNP Paribas
Deutsche Bank
UniCredit

Note: Based on 396 respondents from top-tier companies.

Eurozone Large Corporate Cash Management Quality

Bank

UniCredit

Note: Based on 431 respondents from top-tier companies.

Note: Top-tier companies include those with revenue and/or market capital in excess of €2.0 billion and larger foreign subsidiaries. Leaders are cited in alphabetical order including ties.
Source: Greenwich Associates 2015 European Large Corporate Banking Study, 2015 European Large Corporate Cash Management Study

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6 High Ridge Park Stamford CT 06905 USA

Tel: +1 203.625.5038/+1 800.704.1027

Fax: +1 203.625.5126

email: ContactUs@greenwich.com

www.greenwich.com