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Banks must digitise to compete with alternative funding in lucrative mid-size corporate market, finds Misys survey

SMEs want more efficient, unified service to better manage cash with 9% reporting greater reliance on non-bank financing

Singapore – 14 October 2015 – Small to mid-sized corporates across North America, EMEA and Europe report that their ability to manage working capital is not being supported effectively by their banks, according to a new survey conducted by Misys, the leading financial software company.

Key findings from the survey include:

- **50%** of respondents identified forecasting cash flow remains their biggest working capital challenge as import/export operations become more global.
- Digital is a priority: corporates reported an increasing need for (in order of importance):
 1. A single view of balances and transactions globally (including trade, cash, loans, deposits, FX and interest rate instruments)
 2. Secure, efficient payment processing
 3. Integration with enterprise resource planning and trade management systems
- New funding sources: **24%** are financing working capital needs through a combination of traditional banks and non-bank alternatives, and **9%** of respondents report a greater reliance on alternative funding than two years ago. **28%** said accessing finance had become more difficult.
- **62%** cited poor automation as a barrier to accessing bank trade financing suggesting it is a deterrent to using bank financing tools.
- **45%** of SME and mid-sized corporates now require their online and mobile activities to be integrated directly with their Enterprise Resource Planning and Treasury Management Systems.



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“The survey highlights the challenge corporates face in managing the complexities of cash, trade and treasury requirements as they expand and work with an increasing number of suppliers, banks and customers around the globe,” said Alex Kwiatkowski, senior banking strategist at Misys. “Banks have not stepped up to provide the requisite automation, digitisation, and multi-bank connectivity tools these corporations need. As a result, we are seeing an increasing loss of market share, particularly in straight lending and supply chain financing to non-bank alternatives.”

According to a report by McKinsey & Company, companies with annual revenues of up to \$1 billion represent a \$1.85 trillion annual revenue opportunity. This represents an attractive market for banks that can digitise and provide mid-sized corporates with a cost efficient solution to manage all corporate banking functions through a single access point.

“Mid-sized corporations have been less of a focus for banks from a digital services and process automation point of view but they value working capital efficiency the most. A lack of joined-up multi-bank and multi-channel services impedes these increasingly globalised corporates accessing the information and supply chain connectivity they need to efficiently manage cross-border trade, cash, FX and lending,” said Tim Tyler, global product manager for FusionBanking Corporate Channels, Misys. “The survey highlights that if banks act quickly with more connected corporate banking they can seize the opportunity and compete in a world where non-bank alternatives are here to stay.”

The researchers, Treasury Management International (TMI) took answers from 93 respondents from small and medium-sized enterprises and mid-cap corporations with a turnover up to \$1bn in the US, EMEA and APAC, who were asked to share their views on the challenges of managing their working capital.

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About Misys

Misys is at the forefront of the financial software industry, providing the broadest portfolio of banking, capital markets, investment management and risk solutions available on the market. With more than 2,000 customers in 130 countries our team of domain experts, combined with our partner eco-system, have an unparalleled ability to address industry requirements at both a global and local level. We connect systems, collect data and create intelligent information to drive smarter business decisions. To learn more about how our Fusion software portfolio can deliver a holistic view of your operations, and help you to solve your most complex challenges, please visit www.misys.com and follow [@MisysFS](https://twitter.com/MisysFS) on Twitter.