

WalletSizing talks innovation in treasury management

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The Fintech Innovation Awards recognise the best achievements and most innovative teams and individuals in their fields in the last 12 months. This year's winner in the category of Innovation in Treasury Management, WalletSizing by Vallstein aims to provide corporates with a complete data overview of all their banking relationships. Here, head business development Huub Wevers talks about changes impacting the sector and what sets the firm apart.



What are the key drivers of change in treasury management right now?

Clearly, new regulation that is making life more difficult for banks on the one hand and financial innovation such as providers of new solutions in the payment space or funding on the other hand. Some of these innovations are unregulated. Also existing, regulated providers of financial services try to come up, as always, with new solutions that 'navigate' around the new rules. Clients need to be critical to assess whether a new solution offered to them is really designed for their benefit, or is rather designed for the benefit of the provider to help him through a loophole in a stricter regulatory framework.

What specific problem is WalletSizing tackling?

Corporates have no insight or transparency with regards to what banking actually should cost. Is the bank making a fair profit on them or is it too little or too much? WalletSizing makes banking costs completely transparent, using for instance benchmarking, Basel III, cost of capital calculations. Corporates can send over the banking fee and banking products data which is uploaded through standardized interfaces. They then log on in via cloud to see their complete banking landscape, be that 5, 20 or 150 banks worldwide with all relevant profitability and revenue data. Corporates can also reconcile (automatically) whether they have paid the right price for their cash management business compared with the original agreement.

What are the challenges of innovating in this space?

Our clients are companies, our counterparts are CFO's and treasurers. These are very busy people, engaged in a multitude of tasks, many of which are operational, high-frequency and ongoing from day to day. WalletSizing requires the ability and willingness to take one or two steps back from this daily routine in order to initiate a strategic review on existing routines in bank relationships. This is potentially disruptive and sometimes seen as a huge project. It usually

isn't, but that only becomes apparent once one it's actually underway. So the challenge is actually mostly to take the first actual step. Once it's going, the on-going maintenance, reporting, transparency and control achieved ensure significant and sustainable year-on-year benefits.

Ideas versus execution: what does it takes to makes great ideas reality in fintech?

Focus on actual value added for the client. Fintech that is a product-push of just a new technology in itself won't move the dial. The real question is what does it actually do for the customer? Clients typically have only three core banking needs: funding, operational (such as cash management) and risk management. For every one of these needs there is already a wide range of product solutions available. New solutions should be judged on whether they are a value added substitute for another, already existing solution. Which mostly means the new solution creates only such value if it improves bottom line, it reduces costs, either operational/transaction costs, or risk costs. If you can achieve that, you can succeed in moving from great idea to great product, and thus make the value added indeed a reality.

Where are the biggest opportunities for innovation in treasury?

More transparency and simplicity, to reduce risk and reduce costs. The trend somehow always seems to be towards more complexity but trying to maintain or increase a degree of simplicity and transparency usually unlocks a lot of value added. If complexity clouds the real issues, it is not simple to solve.

What distinguishes WalletSizing from its competitors?

Firstly, WalletSizing looks at the entire bank relationship, across all product areas, not just transaction services or credit, but everything that is being used from all banks that maintain a relationship with the client concerned. Secondly, we take an explicit view through the eyes of the bank on the relationship, taking all relevant Basel III /IV regulation into account. This kind of transparency is absolutely essential to identify the real room to negotiate and ensure terms and conditions that are truly fair for both sides of the table. Thirdly: technology. We provide analysis for clients maintaining multiple bank relationships across a multitude of countries with many different banking products, which is impossible to build and let alone maintain in spreadsheets.

What's the most important lesson Vallstein has learned building WalletSizing?

The opportunity and impact was much and much bigger than we expected with every client. The disconnect between what clients think they represent in terms of business for their bank and vice versa, was, and is, bigger than we thought. On one hand that sounds like good news because it implies the value added you can create it also bigger. But it also means there is a much bigger gap between two sides to be bridged. And because the regulation has become ever more complex, to really isolate the correct implications in the context of an individual client case requires more careful work than before, also because nowadays sometimes the relationship managers of banks themselves do not really know all the rules in the required or relevant details anymore.