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Cooperation between KPMG and Vallstein

Significantly reducing bank costs

WalletSizing® is the name of the Vallstein solution which KPMG is now using to consult clients on Bank Relationship Management.

Very few businesses know how much they pay their bank each year in fees or other direct or hidden costs. Even if transparency is attained in this respect, the question of whether the amount paid to an individual bank is also appropriate is not addressed. KPMG and Dutch Vallstein BV intend jointly to change this and have agreed to cooperate for this purpose.

WalletSizing® from Vallstein offers a SaaS solution enabling businesses for the first time to determine the appropriateness of the overall fees in respect of a bank. This is made possible by identifying the return on risk capital which the bank obtains for the sum total of all services or products based on Basel II or Basel III in respect of one business.

This is how WalletSizing® works: the software contains complex algorithms and calculations based on Basel II and Basel III rules for each service and product. If the expected return on risk capital communicated by the bank amounts to approx. 20% but the amount paid by the business is considerably above this, then it immediately becomes apparent who has the upper hand. Furthermore, WalletSizing® confers transparency and objectivity on the discussion of whether an increase in fees or a widening in the risk spread can factually be justified on the basis of increased capital adequacy requirements.

"We know that aggregate bank costs for businesses range from 0.02% and 2% of revenue", said Carsten Jaekel, Partner at KPMG for Finance and Treasury Management. "Based on experience, we are able to assume that these costs can be reduced by approx. 10% using the findings from WalletSizing® analysis. This clearly demonstrates the vast latent potential for businesses. Conventional bank fee analysis is the first significant step on the way to comprehensive WalletSizing benchmarking."

With WalletSizing®, businesses also gain an instrument which permits them to perform bank relationship management independently, thus continually and on a sustained basis. The days of complex one-off data collection with limited subsequent analysis options are over. "WalletSizing® not only places businesses on an equal footing in respect of bank discussions", according to Carsten Jaekel, "it also creates a strategic advantage: banks generally do not know the size of their customer's wallet or the extent of return on the risk capital required."

Vallstein is one of the leading providers of bank fee benchmarking software and has been successful in this area of the market for 15 years, even though it is less well known on the German market up to now. In April 2016, Vallstein won the "Innovation in Treasury Management" category of the FinTech Innovation Awards in London.

Please find further information in our flyer and on www.kpmg-corporate-treasury.de or contact Carsten Jaekel.