

# TREASURY MANAGEMENT: GUIDING YOU THROUGH THE BANK'S ACCOUNT ANALYSIS STATEMENT

Presented by

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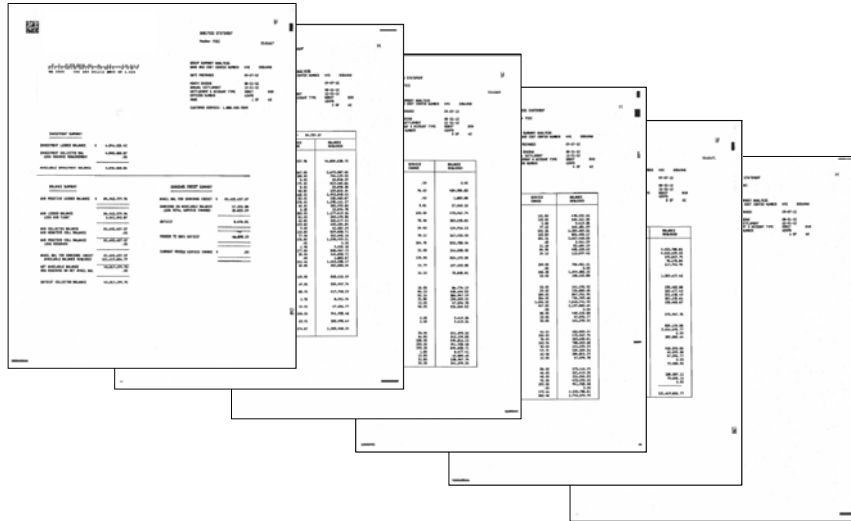
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# Sample Client Analysis Statement



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## Question 1

What reserve requirement does the bank assess?

- a. 0%
- b. 5%
- c. 10%
- d. 15%

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## Explanation

See Page 1, Line 43

BALANCE SUMMARY		EARNINGS CREDIT SUMMARY		
17				
18				
19				
20	AVG POSITIVE LEDGER BALANCE	\$ 91,510,297.54	AVAIL BAL FOR EARNINGS CREDIT	\$ 81,602,637.07
21				
22				
23				
24	AVG LEDGER BALANCE	91,510,297.54	EARNINGS ON AVAILABLE BALANCES	17,326.58
25	LESS AVG FLOAT	9,907,660.47	LESS TOTAL SERVICES CHARGES	25,823.37
26				
27			DEFICIT	8,496.79
28	AVG COLLECTED BALANCE	81,602,637.07		
29	AVG NEGATIVE COLL BALANCE	0.00		
30			PERIOD TO DATE EXCESS	59,477.53
31	AVG POSITIVE COLL BALANCE	81,602,637.07		
32	LESS RESERVES	0.00		
33				
34			CURRENT PERIOD SERVICE CHARGE	0.00
35	AVAIL BAL FOR EARNINGS CREDIT	81,602,637.07		
36	AVAILABLE BALANCE REQUIRED	121,619,726.09		

Since October 2008, the Federal Reserve has paid interest on reserves.

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## Question 2

How often are fees settled (how often does the client pay fees to the bank if compensating balances do not completely offset fees)?

- a. Monthly
- b. Quarterly
- c. Annually
- d. Cannot tell

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## Explanation

See Page 1, Line 9

1	ABC BANK		ANALYSIS STATEMENT	
2	P.O. BOX 12345		Member FDIC	
3	KRYPTONOPOLIS, KRYPTON 12345			
4			GROUP SUMMARY ANALYSIS	
5				
6			DATE PREPARED	11-07-2016
7				
8	CLARK KENT		MONTH ENDING	10-31-2016
9	STATE OF KRYPTON		ANNUAL SETTLEMENT	12-31-2016
10	123 STEEL STREET		SETTLEMENT & ACCOUNT TYPE	DEBIT 500
11	KRYPTONOPOLIS, KRYPTON 12345		OFFICER NUMBER	62XF8
12			PAGE	1 OF 62
13				
14			CUSTOMER SERVICE: 1.888.555.1111	
15				
16				
17	<u>BALANCE SUMMARY</u>		<u>EARNINGS CREDIT SUMMARY</u>	
18				
19				
20	AVG POSITIVE LEDGER BALANCE	\$ 91,510,297.54	AVAIL BAL FOR EARNINGS CREDIT	\$ 81,602,637.07
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22			EARNINGS ON AVAILABLE BALANCES	17,326.58
23			LESS TOTAL SERVICES CHARGES	25,823.37
24	AVG LEDGER BALANCE	91,510,297.54		
25	LESS AVG FLOAT	9,907,660.47		
26			DEFICIT	8,496.79
27				

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## Question 3

What will happen if, in December 2016, the client has generated earnings credits in excess of total services charges?

- a. Excess earnings will roll over into 2017
- b. The banker takes their spouse out to a fancy dinner
- c. The excess credits are lost
- d. Bank will pay the client the excess

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## Question 4

What is the charge for FDIC Insurance called?

- a. The bank does not assess a fee for FDIC insurance.
- b. FDIC Recoupment Fee
- c. Balance Reporting – Monthly
- d. Deposit Insurance – Bank Assessment

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## Explanation

See Page 2, Line 57

	CURRENT MONTH'S EARNINGS CREDIT RATE = 0.25%		CURRENT MONTH'S MULTIPLE = \$4,709.69		
	SERVICE	NUMBER OF UNITS	UNIT PRICE	SERVICE CHARGE	BALANCE REQUIRED
54					
55					
56	<b>BALANCE RELATED SERVICES</b>				
57	DEPOSIT INSURANCE - BANK ASSESSMENT	91,510,297		9,937.95	46,804,538.70
58					
59	<b>DEPOSITORY SERVICES</b>				
60	ACCOUNT MAINTENANCE	27	21.0000	567.00	2,670,387.10
61	BANKING CENTER DEPOSIT	79	2.0000	158.00	744,129.03
62	BANK BY MAIL DEPOSIT	1	5.0000	5.00	23,548.39
63	VAULT DEPOSIT	145	1.2000	174.00	819,463.67
64	DEBITS POSTED-OTHER	10	0.5000	5.00	23,548.39
65	GENERAL CHECKS PAID TRUNCATED	305	0.1600	48.80	229,832.26
66	PAPER DEPOSIT STATEMENT MAILED	25	25.0000	625.00	2,943,548.39
67	ZBA MASTER ACCOUNT MAINT.	1	50.0000	50.00	235,483.87

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# FDIC Announcement

## Caution Regarding Passing Deposit Insurance Assessment Fees on to Customers

FIL-33-2012  
July 9, 2012

**Printable Format:**  
[FIL-33-2012 - PDF \(PDF Help\)](#)

### Summary:

The FDIC has become aware that certain insured depository institutions (IDIs) are charging customers an "FDIC fee" or similarly described fee, apparently to compensate the IDI for some or all of its FDIC deposit insurance assessment costs. This Financial Institution Letter (FIL) communicates the FDIC's concerns and expectations when IDIs assess these types of fees.

**Statement of Applicability to Institutions Under \$1 Billion in Total Assets:** This FIL applies to all insured financial institutions, including those with under \$1 billion in assets.

### Highlights:

- The FDIC has received a number of complaints from depositors stating that IDIs are charging them an "FDIC Fee," "FDIC Assessment," "FDIC Insurance Premium," "FDIC Insurance Charge," or similarly described fee for deposit insurance.
- While IDIs are not prohibited from passing the costs of deposit insurance on to customers, the FDIC discourages institutions from specifically designating that a customer fee is for deposit insurance or from stating or implying that the FDIC is charging such a fee.
- Institutions that characterize fees in this manner may (1) reveal information that could be used to determine an institution's confidential supervisory ratings, (2) mislead customers into believing that the FDIC charges IDI customers or requires IDIs to charge customers for deposit insurance, or both.
- Institutions should review their designation and identification of fees and ensure that those fees do not reveal confidential supervisory information or mislead customers.

**Complete Financial Institution Letter:** <http://www.fdic.gov/news/news/financial/2012/fil12033.html>

## Question 5

How much in fees is the entity incurring?

- a. \$8,496.79 per month
- b. \$8,496.79 per year
- c. \$17,326.58 per month
- d. \$25,823.37 per month

## Explanation

BALANCE SUMMARY		EARNINGS CREDIT SUMMARY		
17				
19				
20	AVG POSITIVE LEDGER BALANCE	\$ 91,510,297.54	AVAIL BAL FOR EARNINGS CREDIT	\$ 81,602,637.07
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22			EARNINGS ON AVAILABLE BALANCES	17,326.58
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31	AVG POSITIVE COLL BALANCE	81,602,637.07		
32	LESS RESERVES	0.00		
33				
34			CURRENT PERIOD SERVICE CHARGE	0.00
35	AVAIL BAL FOR EARNINGS CREDIT	81,602,637.07		
36	AVAILABLE BALANCE REQUIRED	121,619,726.09		
37				
38	NET AVAILABLE BALANCE	-40,017,089.02		
39	REQ RESERVES ON NET AVAIL BAL	0.00		
40				
41				
42	DEFICIT COLLECTED BALANCE	-40,017,089.02		

## Question 6

With regards to the \$91,510,297.54 in balances, how much is protected by FDIC Insurance?

- a. \$ 100,000
- b. \$ 250,000**
- c. Unlimited, because the Transaction Account Guarantee (TAG) program guarantees deposits
- d. None, the FDIC doesn't have any more money

## Question 7

How is the earnings credit rate (ECR) determined?

- a. Tied to Fed Funds rate
- b. Indexed to the 2-year Treasury note
- c. Indexed to 1 month LIBOR
- d. Arbitrary by the bank

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## Question 8

What is the “net” earnings credit rate?

- a. 0.25%
- b. 0.25% - Sweep Fee
- c. 0.25% - Deposit Insurance
- d. 0.25% + LIBOR

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## Explanation

See Page 2, Lines 54 and 57

54	CURRENT MONTH'S EARNINGS CREDIT RATE = 0.25%			CURRENT MONTH'S MULTIPLE = \$4,709.69	
55	SERVICE	NUMBER OF UNITS	UNIT PRICE	SERVICE CHARGE	BALANCE REQUIRED
56	<del>BALANCE RELATED SERVICES</del>				
57	DEPOSIT INSURANCE - BANK ASSESSMENT	91,510,297		9,937.95	46,804,538.70
58					
59	DEPOSITORY SERVICES				
60	ACCOUNT MAINTENANCE	27	21.0000	567.00	2,670,387.10
61	BANKING CENTER DEPOSIT	79	2.0000	158.00	744,129.03

Earnings Credit Rate	0.250%
Deposit Insurance – Bank Assessment $\$9,937.95 / \$91,510,297 * 365 / 31$	(0.128%)
Net Earnings Credit Rate	0.122%

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## Question 9

What balance is required to offset all service charges?

- a. \$ 81,602,637.07
- b. \$ 121,619,726.09
- c. \$ 153,142,722.28
- d. \$ 0.00

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## Explanation

			Total Service Charges	\$25,823.37
			Deposit Insurance	\$9,937.95
44			Net Fees	\$15,885.42
45			Net ECR	0.122%
46	AVAIL BAL FOR EARNINGS CREDIT	84,802,037.07	Balance Required	\$153,142,722
47	AVAILABLE BALANCE REQUIRED	121,619,726.09	(365 / 31)	
48				
49	NET AVAILABLE BALANCE	-40,017,089.02		
50	REQ RESERVES ON NET AVAIL BAL	0.00		
51				
52				
53	DEFICIT COLLECTED BALANCE	-40,017,089.02		

54	CURRENT MONTH'S EARNINGS CREDIT RATE = 0.25%		CURRENT MONTH'S MULTIPLE = \$4,709.69		
55	SERVICE	NUMBER OF UNITS	UNIT PRICE	SERVICE CHARGE	BALANCE REQUIRED
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## Question 10

See line 209. What is the "AUTO MUTL FND INVEST MKT SHRS"?

- Monthly investment advisory fee
- Sweep fee
- Custody fee
- Wire investigation fee

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## Question 11

How much is the client paying, *per year*, to receive paper statements (appears under Depository Services)?

- a. None, they should be free
- b. \$ 625
- c. \$ 7,500
- d. \$ 25

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## Explanation

See Page 2, Line 66

59	DEPOSITORY SERVICES					
60	ACCOUNT MAINTENANCE	27	21.0000	567.00		2,670,387.10
61	BANKING CENTER DEPOSIT	79	2.0000	158.00		744,129.03
62	BANK BY MAIL DEPOSIT	1	5.0000	5.00		23,548.39
63	Vault DEPOSIT	145	1.2000	174.00		819,483.87
64	DEBITS POSTED-OTHER	10	0.5000	5.00		23,548.39
65	GENERAL CHECKS PAID TRUNCATED	305	0.1600	48.80		229,832.26
66	PAPER DEPOSIT STATEMENT MAILED	25	25.0000	625.00		2,943,548.39
67	ZBA MASTER ACCOUNT MAINT	1	50.0000	50.00		235,483.87
68	ZBA SUBSIDIARY ACCOUNT MAINT	11	25.0000	275.00		1,295,161.29
69	ZBA PER TRANSACTION	201	0.3000	60.30		283,993.55
70	RDI DISCRETIONARY DATA FIELDS	9	0.2500	2.25		10,596.77
71	RETURNS-CHARGEBACK	25	10.0000	250.00		1,177,419.35
72	RETURNS-RECLEAR	6	8.5000	51.00		240,193.55

When reviewing an analysis statement, it is important to ask if the service is needed and/or if the fee is reasonable?

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## Question 12

An individual obtains an employee's paycheck, replaces the employee's name with his own, and cashes the check. Is the client using a banking service that will automatically "catch" the fraud?

- a. Yes, Positive Pay
- b. Yes, Payee Positive Pay
- c. Yes, Teller Positive Pay
- d. No

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## Explanation

See Page 4, Lines 190-191

183	ACCOUNT RECONCILIATION					
184	ARP ONLINE STMT LONG TERM	2	30.0000	60.00	282,580.65	
185	ARP FULL PPAY MAINT PAPER RPT	1	100.0000	100.00	470,967.74	
186	ARP FULL PPAY MAINT-PPR SUPP	1	75.0000	75.00	353,225.81	
187	ARP FULL PPAY INPUT PER ITEM	1,727	0.0800	160.96	758,069.68	
188	ARP RECON TRANS DAILY	20	30.0000	30.00	141,290.32	
189	ARP OUTPUT PROCESSING PER ITEM	1658	0.0300	49.74	234,259.35	
190	PAYEE POSITIVE PAY-ISSUE MATCH	1512	0.0400	60.48	284,841.29	
191	PAYEE POSITIVE PAY MAINT	1	10.0000	10.00	47,096.77	
192						

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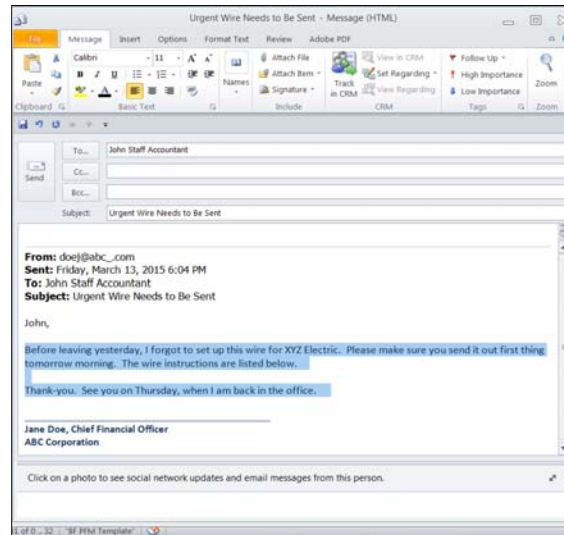
## Other Fraud Prevention Services

- **ACH Debit Block**
  - Blocks all ACH debit activity
  - Automatically returns all attempted ACH debits
- **ACH Control**
  - Bank provided with list of authorized recurring debits
  - Unauthorized debits are blocked & automatically returned
- **ACH Positive Pay**
  - Due to ARC (check conversion) vendor checks may be processed as ACH
  - Allows individual ACH to be rejected

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## Impersonator Fraud

- Urgent item needing to be processed
- Immediate transfer of funds (wire)
- Generated from an e-mail account appearing to be legitimate
- Ability to confirm with originator limited (out-of-office, vacation)



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## Question 13

Does the client use the bank as its purchasing card provider?

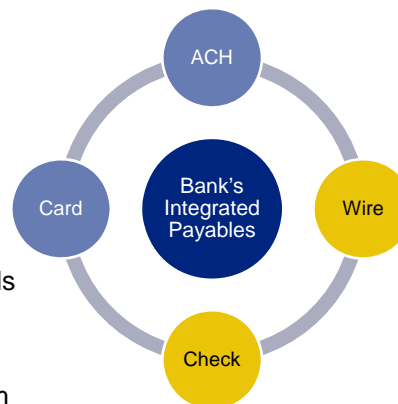
- a. Yes
- b. No
- c. **Cannot tell**

Service Groups
• General Banking
• Merchant Card Services
• Lockbox services (retail or wholesale)
• Bill Printing & Mailing
• Integrated Payables
• Purchasing Cards
• Onsite ATMs
• Line of Credit
• Institutional Custody

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## Integrated Payables

- Many governments still pay their vendors by check
- Municipalities are using banks' Integrated Payables Platform to pay vendors electronically
  - ACH
  - Purchasing Cards
- Program Differences
  - Ghost cards vs. Single Use Cards
  - Vendor outreach initiatives
  - Vendor acceptance
  - Integration with your ERP system



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## PFM Payment Solutions

Annual Net Purchasing Volume* September 1, 2015 – August 31, 2016	Settlement Period "Net" 7 days Rebate %	Settlement Period "Net" 7 days Rebate Dollars
\$50,000 - \$99,999	0.30%	\$150 - \$300
\$100,000 - \$499,999	0.60%	\$600 - \$3,000
\$500,000 - \$999,999	0.80%	\$4,000 - \$8,000
\$1,000,000 - \$2,499,999	1.00%	\$10,000 - \$25,000
\$2,500,000 - \$4,999,999	1.10%	\$27,500 - \$55,000
\$5,000,000 - \$7,499,999	1.20%	\$60,000 - \$90,000
\$7,500,000 - \$9,999,999	1.25%	\$93,750 - \$125,000
\$10,000,000 - \$14,999,999	1.30%	\$130,000 - \$195,000
\$15,000,000 - \$19,999,999	1.35%	\$202,500 - \$270,000
\$20,000,000 - \$24,999,999	1.40%	\$280,000 - \$350,000
\$25,000,000 - \$49,999,999	1.50%	\$375,000 - \$750,000
\$50,000,000+	1.52%	\$760,000+

\*Annual Net Purchasing Volume is defined as the total of purchases less purchase credits, cash advances and fraud charges.  
 - Additional Rebate Tiers are available once your entity surpasses \$50,000,000 in program year spend volume.

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## Question 14

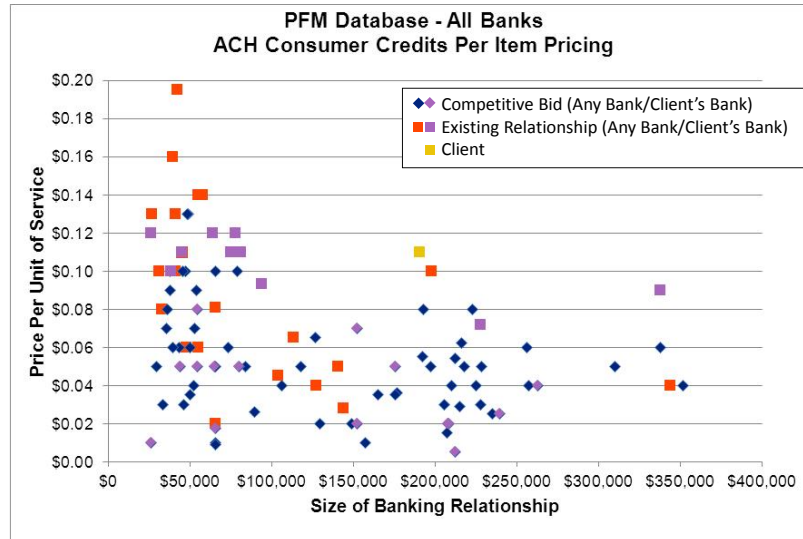
Given the large size of the client's banking relationship, for which service is the client potentially overpaying?

- a. REMOTE DEP CK IMAGE PROCESSING
- b. ACH CONSUMER ON US CREDITS
- c. CKS DEP UN-ENCODED ITEMS
- d. RETURNS – CHARGEBACK

**Trick Question! The client is overpaying for all of these services**

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## Explanation



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## Question 15

What could the client do to reduce its fees?



- Negotiate with the bank to lower fees
- Evaluate usage of banking services to determine which services could be eliminated or replaced with more inexpensive services
- Re-bid banking services through a competitive RFP process
- All of the above

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# Questions

- If you have any questions, please contact:

	
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