

3 U.S. Giants Seen in Control of World Corporate Banking

• By STEVEN MARJANOVIC

Three big U.S. money-center banks dominate the international corporate banking scene, preliminary results of a study show.

The survey, which was done by Westport Consulting Inc., Westport, Conn., and FGI Research Inc., Chapel Hill, N.C., examined how large global companies use electronic banking services in areas such as cash management, trade finance, and securities processing.

It found that three large U.S. banks have 47%, 22% and 16% of market share, respectively, in offering treasury services to corporations globally.

The nearest foreign bank had a 7% share of the market.

"Three large U.S. banks have stepped up to the plate and become very prevalent in terms of providing electronic banking to large corporations," said John Laurino, managing director at Westport Consulting.

Mr. Laurino declined to name the three banks. But industry observers said they are BankAmerica Corp., Chase Manhattan Corp., and Citicorp, which collectively do business in most of the world's developed and emerging markets.

The study surveyed 234 of the world's largest 5,000 corporations in 10 countries.

Although many of the world's largest banks are beefing up their international operations as their corporate customers go global, few have the international presence and the wherewithal to invest in technology for supporting bank services, Mr. Laurino said.

"The market is consolidating around fewer and fewer vendors who are providing much more sophisticated and much more expensive services than ever before," he said.

Mr. Laurino said U.S. banks may have a four-year lead over their nearest competitors in technology.

He said the largest banks have spent massive sums to remove the technological barriers that exist among divergent corporate systems for cash management, trade finance, and securities processing.



John Laurino
Managing Director,
Westport Consulting Group

At Chase Manhattan, which has a presence in 52 countries, executives say \$1.8 billion was invested bankwide in technology last year. Officials at its treasury services unit said the bank has knocked down the walls that existed among its business decision makers and systems and operation employees.

"Aligning technology and operations people with the business end is perhaps one of the most important things that bankers must do in this new era," said Chase senior vice president Lori Hricik in a recent interview.

"It's actually a symbiotic relationship," she said. "Our business is a technology-based service."

The Chase treasury services unit employs 4,000 people in 155 countries. Its past investments in technology have helped make it the largest issuer of trade-related credit instruments and the largest U.S. dollar-clearing bank, processing more than \$1 trillion daily.

The survey also found cash services, which include funds transfer, foreign exchange, and sweep accounts, was the most technologically advanced among corporate services.

According to Ernst & Young in New York, the largest five banks in the nation accounted for one-third of the \$2.75 billion in revenues reaped by domestic providers of cash management services last year. More than 92% of the top 300 U.S. banks offered cash services to U.S. corporations abroad last year, but only 12 could deliver these services to foreign corporations in their homelands.

The survey also found that 75% of corporations have been promised major improvements to their cash systems, such as better integration with other banking and corporate systems.

Mark T. Greene, managing director at FGI Research, said banks are largely evolving into technology companies. Technology improvements are fast becoming a "double-edged sword," due to the massive amounts of systems support required, he said.

The study also found the largest 5,000 corporations issue requests for proposals only half the time when selecting new electronic banking systems.

"People are not proactively going outside and finding out who the good providers are," Mr. Greene said.