

Identifying Global Trends in Corporate Cash Management

Introduction

The 2008 Visa Global Cash Management Survey provides a global view of current corporate cash management practices and highlights the increasingly important role of commercial payment cards within the cash management process. In addition to identifying and monitoring key cash management trends, the survey targets opportunities for improving process efficiency and the potential for accompanying cost savings. The survey captures the views and opinions of over 800 corporate financial executives from 11 countries, with 62 percent of survey respondents holding the position of CFO, treasurer or controller at their respective organizations.

Survey Highlights

- Fifty-two percent of respondents plan to reduce their reliance on checks, while 45 percent plan to increase their use of commercial payment cards over the next 12-18 months.
- Relevance and usage of commercial cards are important in almost every aspect of the cash management process, with 74 percent reporting satisfaction with cards for making payments.
- Sixty-five percent of companies cited the importance of enterprise resource planning (ERP) and e-procurement, with 53 percent focused on integrating commercial payment card data with these systems.
- Companies identified cost and process efficiency (70 percent) along with the elimination of paper-based payment methods (62 percent) among the top drivers for commercial payment card adoption.

Key Findings

Current Cash Management Issues and Trends

An important outcome of the 2008 survey was the ranking of top issues affecting the cash management function at today's businesses. Changes in technology were identified as having the greatest positive impact on cash flow management, while global economic and geopolitical issues were seen as having the greatest negative impact.

Issues Affecting Cash Flow Management

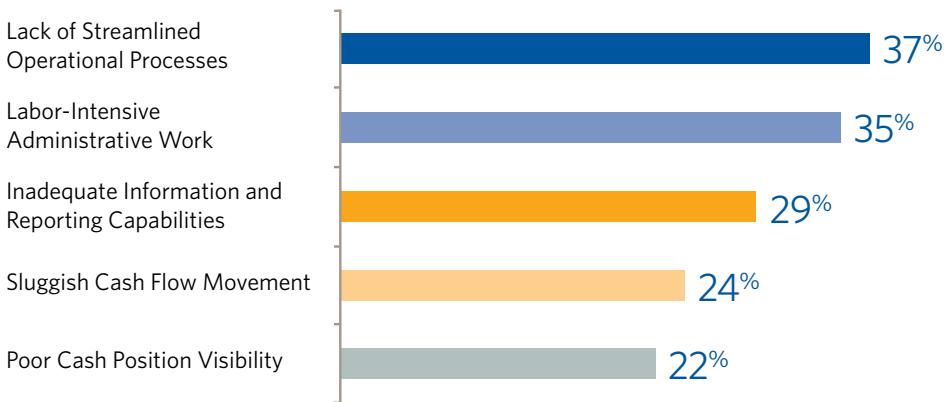
Changes in Technology	70%
Changes in Corporate Governance/Regulatory Concerns	63%
Changes in Tax Laws	62%
Changes in Organization's Policies	62%
Global Economic and Geopolitical Issues	57%

The survey indicated the intent to decrease use of traditional paper-based payment processes within the cash management function and to increase the use of more efficient and cost-effective electronic payment methods. While the majority of survey respondents still use paper-based payment methods, 52 percent plan to reduce their use of checks over the next 12-18 months. Over the same time period, 45 percent of respondents plan to increase their use of commercial payment cards.

Cash Management Improvements and Process Efficiency

The survey revealed that today's companies are looking for additional ways to improve the efficiency of their cash management processes. Fewer than 25 percent of survey respondents rated their cash management function as "very efficient." The chart below illustrates the top challenges to cash management process efficiency.

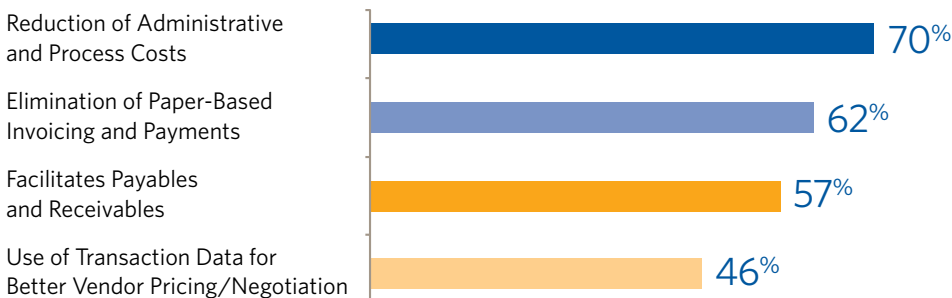
Top Challenges to Cash Management Process Efficiency



Commercial Payment Card Usage

Survey respondents were asked to rate the use of commercial payment cards within their organizations. In addition to improving process efficiency, respondents cited the following reasons payment cards are relevant to their cash management processes.

Relevance of Commercial Payment Cards to Cash Management



A significant number of respondents expressed satisfaction with using cards for both making and receiving commercial payments. Across the globe, 50 percent of companies reported using commercial cards for making payments, with 74 percent expressing satisfaction with their card programs. Thirty percent of companies used commercial cards to receive payments, with 75 percent reporting satisfaction.

Global Commercial Card Usage

Card Usage for Making Payments	50%
<i>Satisfaction Level</i>	74%
Card Usage for Receiving Payments	30%
<i>Satisfaction Level</i>	75%

While companies in the United States led in the use of commercial cards to make payments, other global geographic areas also reported strong card usage. The U.S. is followed in commercial card usage by Canada, Asia Pacific (AP), Central and Eastern Europe, Middle East and Africa (CEMEA), Europe (EU) and Latin America/Caribbean (LAC).

Global Commercial Card Usage by Geographic Area

U.S.	58%
Canada	54%
AP	46%
CEMEA	44%
EU	38%
LAC	30%

Looking forward, respondents from all geographic areas plan to increase their use of commercial payment cards within their cash management processes over the next 12-18 months, as indicated by the chart below.

Planned Increase of Commercial Card Usage by Geographic Area

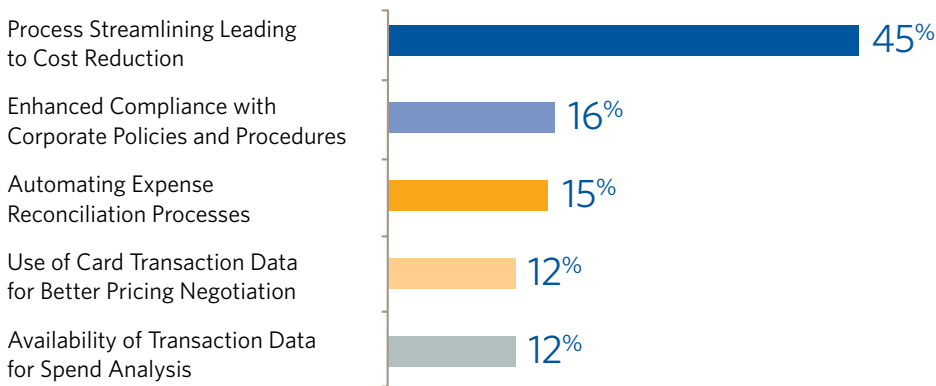
CEMEA	60%
U.S.	48%
LAC	42%
EU	42%
Canada	41%
AP	38%

ERP and e-Procurement Payment Card Integration

The survey found that 65 percent of companies view e-procurement and ERP as important to their organization, while 53 percent cited the importance of payment card integration with these systems. Respondents were further asked to what degree their organizations utilized commercial payment cards within their e-procurement and ERP processes, with 52 percent indicating either “high” or “moderate” usage of payment cards within these processes.

The survey also focused on the benefits of integrating commercial payment cards with e-procurement and ERP processes. Respondents were asked to rank the importance of these benefits, as indicated by the chart below.

Importance of Payment Card Integration Benefits



Conclusion

The findings of the 2008 Visa Global Cash Management Survey detail the positive impact that commercial payment cards can have on corporate cash management. The survey points to process efficiencies and cost savings that can be gained through the integration of card programs with ERP and e-procurement systems. Moreover, through the use of commercial payment cards, companies can achieve greater visibility, control and management over their cash management activities, which can result in improved liquidity across the organization.

Survey Methodology and Scope

Conducted by Survey.com using online questionnaires during August 2008, the survey included more than 800 respondents from 11 countries. Approximately half of the survey respondents were from the United States, with the remaining respondents in descending order from the United Kingdom, Canada, South Africa, Japan, Brazil, South Korea, Mexico, Australia, France and Germany. Respondents were required to be involved in making cash management recommendations at businesses with at least 100 employees and annual revenues of US\$25 million or more. The majority of respondents were from companies with at least 1,000 employees and annual revenues of US\$100 million or more.

For more information on Visa Commercial Solutions and their use within corporate cash management, please contact your commercial financial institution or visit www.visa.com/commercial.