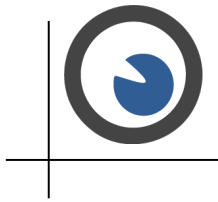# Tariff Eye

Business Intelligence Integrated Software for: forecasting, simulations, comparisons, analysis, margin optimization, communication & reporting of banking fees, and cost savings in the private banking environment – to meet present day needs

Product presentation

AGENDA

- **Introduction**

- **Paradigm Shift in Wealth Management Sector and the present day needs of the Market**

- **How Tariff Eye meets customer / market needs**

- **Product demonstration**
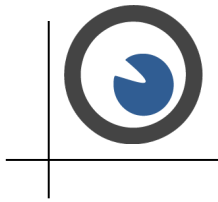
OPTIMIZATION OF BROKERAGE FEES FOR YOUR CLIENTS

A typical customer scenario could be: a customer would like to know what fees would be charged for the management of his/her portfolio.
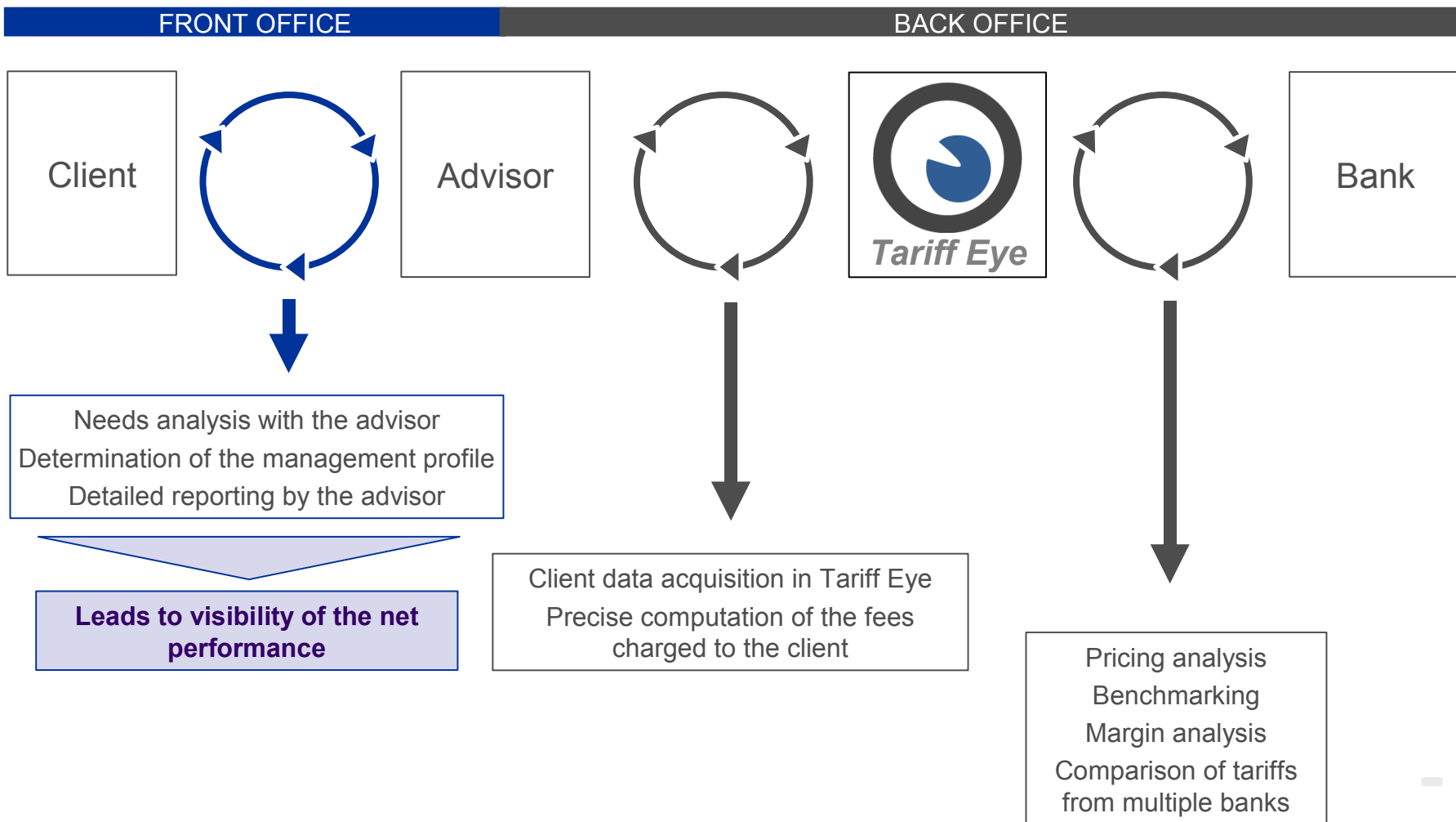
- **Some data about this customer's Portfolio:**

  - **Total wealth: CHF 60 MILLIONS**
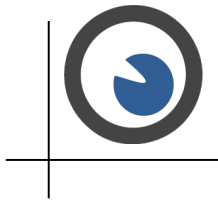 - **Ventilation, investment profile, strategy, etc …**

- **Tariff Eye allows you to:**

  - **Know the customer's management costs**
  - **Establish a transparent fees estimation for the customer**
  - **Master special tariff conditions such as discounts**
  - **Keep track of fees / costs information concerning the customer (History)**

- **Bottom line:**

  - **Provides easy-to-use "dashboard" to drive different investment scenario simulations**
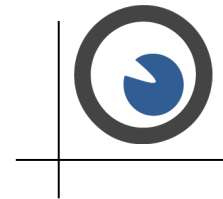
TARIFF EYE CREATES VALUE AT DIFFERENT BUSINESS INTERFACES THROUGHOUT THE PRIVATE BANKING VALUE CHAIN

FRONT OFFICE	BACK OFFICE

Client → **Advisor** → *Tariff Eye* → **Bank**

Needs analysis with the advisor
Determination of the management profile
Detailed reporting by the advisor

Leads to visibility of the net performance

Client data acquisition in Tariff Eye
Precise computation of the fees charged to the client

Pricing analysis
Benchmarking
Margin analysis
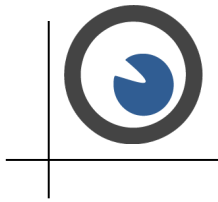Comparison of tariffs from multiple banks

PARADIGM SHIFT IN WEALTH MANAGEMENT

- **Paradigm Shift: A new category of more stringent needs from clients**

  - Clients are much more sensitive to service <u>transparency</u> and are looking for better value

  - *" … customers are becoming more concerned by tariffs and prices. It is a new concern that tends to be of greater importance than the service offer itself …"*

    Excerpt from « Study of Boston Consulting Group », La Tribune 3 February 2005

- **Consequence: Mastering tariffs and special conditions (exemptions and discounts)**

  - Precise control over special conditions offered to the clients (reducing risks of unprofitable offers)

  - Mastering complexity of offers

  - Mastering the heterogeneity of tariff methods through a standardized process / method
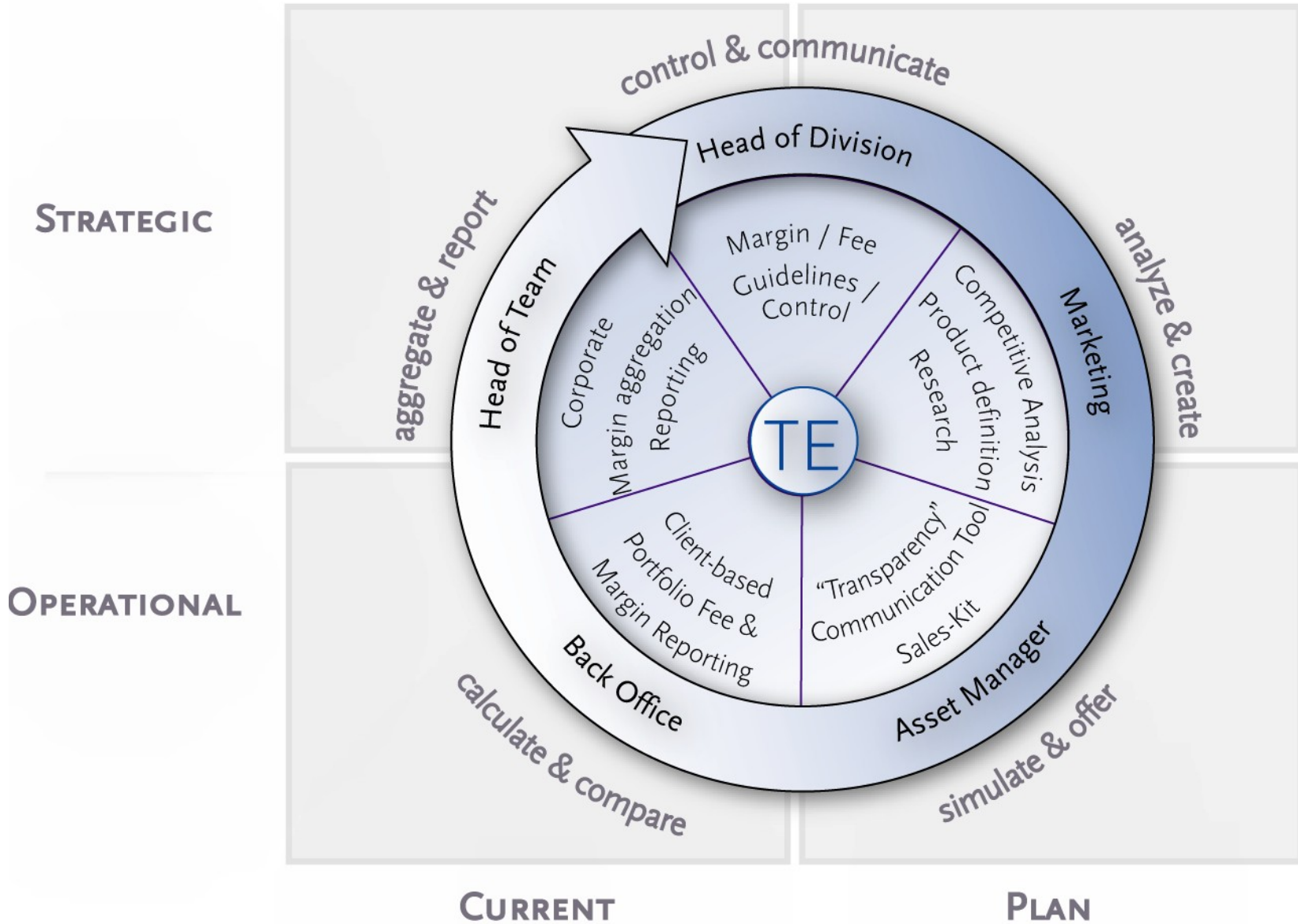
TARIFF EYE OFFERS VALUE FOR: THE MANAGEMENT, THE SELLING SIDE, AND THE BACK OFFICE OF A PRIVATE BANK
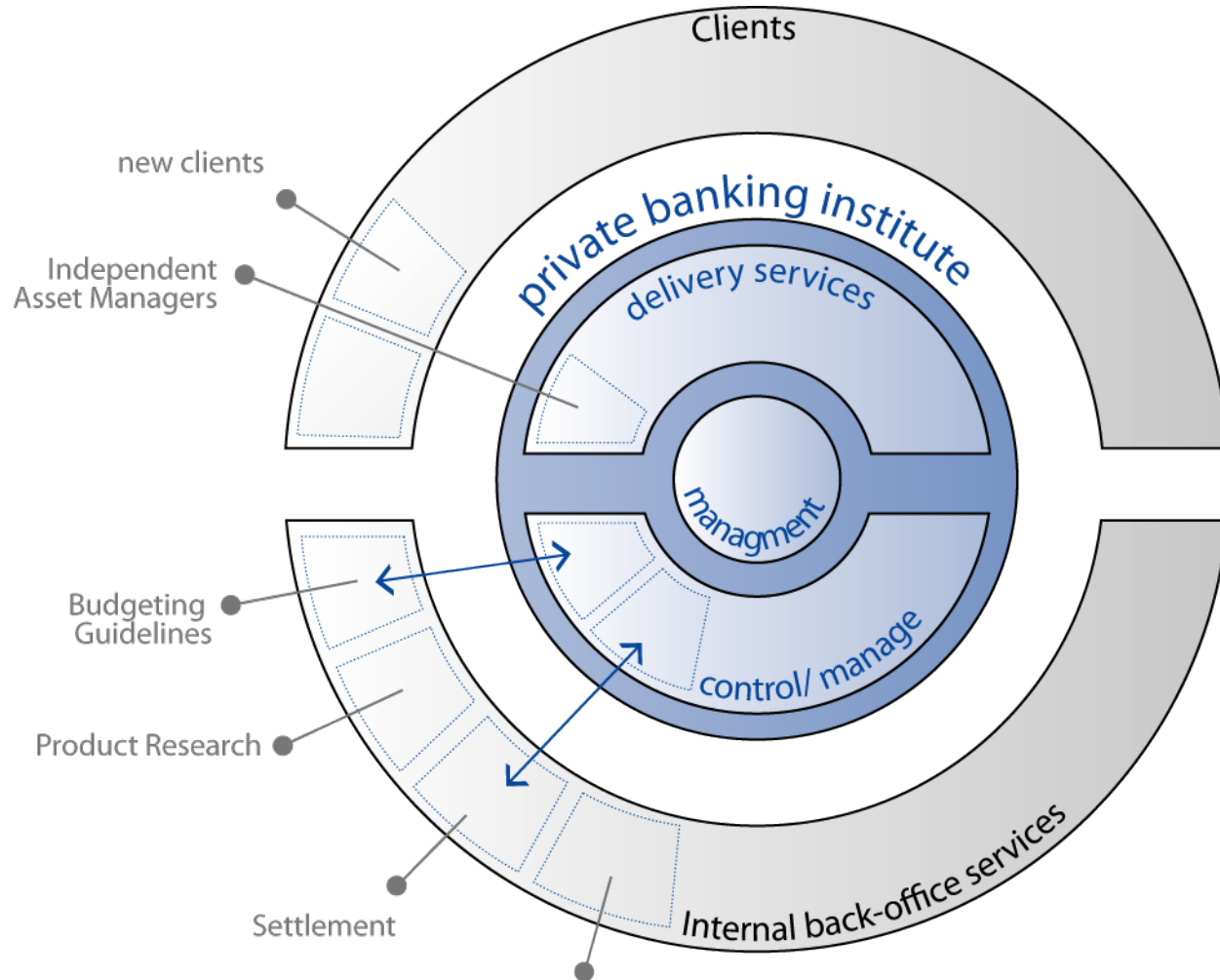
TARIFF EYE'S "WHEEL OF MARGIN OPTIMIZATION" COVERS THE WHOLE FEE / MARGIN LIFE-CYCLE OF A PRIVATE BANK
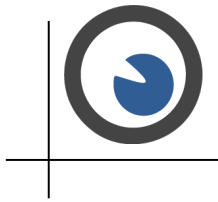
TARIFF EYE CAN BE USED AS THE COMMON DENOMINATOR FOR AN INTEGRATED TARIFF, COST CONTROL AND REPORTING SYSTEM

- **Private banking division head**

  - Issuing guidelines for tariffs and margins in the private banking division

  - Communicating the tariffs and margins with an unambiguous method to product developers and internal asset managers

  - Clear, undisputable way of getting the aggregated margins

- **Marketing Department**

  - Designing the tariff component of private banking products with focus on margin optimization
    - Within the given guidelines

  - Competitive Analysis

- **Asset Manager**

  - Fee pre-calculation on a deal-by-deal basis

  - Fee / margin simulation of individual offering based on the stipulated guidelines and client's tolerance threshold
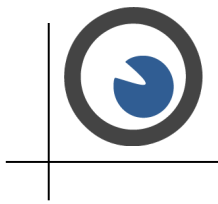
TARIFF EYE CAN BE USED AS THE COMMON DENOMINATOR FOR AN INTEGRATED TARIFF, COST CONTROL AND REPORTING SYSTEM

- **Back-Office**

  - **Post-calculation of deal-value**

  - **Settlement of Portfolio revenues / costs / margins per asset manager over a period of time**

  - **Reporting of portfolio revenues / costs / margins**

- **Head of asset manager team**

  - **Verification of post-calculated deal-value**

  - **Aggregation of settled portfolio revenues / costs / margin per asset manager and/or team**

  - **Communicating aggregated figures to division management**

DEMONSTRATION

- **Demonstration of the following main features of the software:**

  - **Simulation**

  - **Comparisons**

  - **Structure of a tariff within TARIFF EYE**
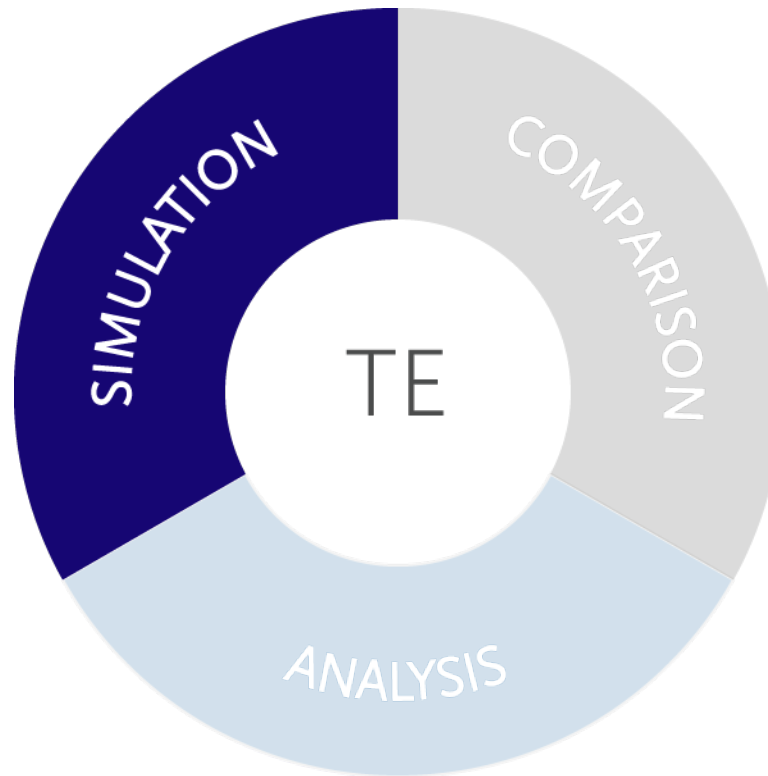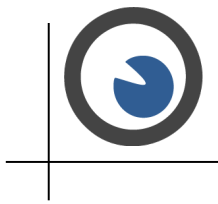
  - **Analysis**
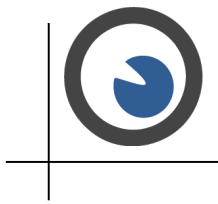
CONCLUSION AND THE BENEFITS

- **Integrated application that helps the whole private banking organization to manage private banking tariffs, costs and margins internally, such as:**

  - **define,**
  - **calculate,**
  - **analyze,**
  - **simulate,**
  - **settle,**
  - **compare**
  - **and communicate**

- **Application that can provide a powerful competitive edge on the selling side**

  - **Sales Tool for pre-calculation of individualized offers in acquisition phase**

- **Swiss built application with proven track record in Switzerland (No. 1 Private Banking market worldwide) and a Swiss Solutions Integrator with a successful track record within the financial sector.**
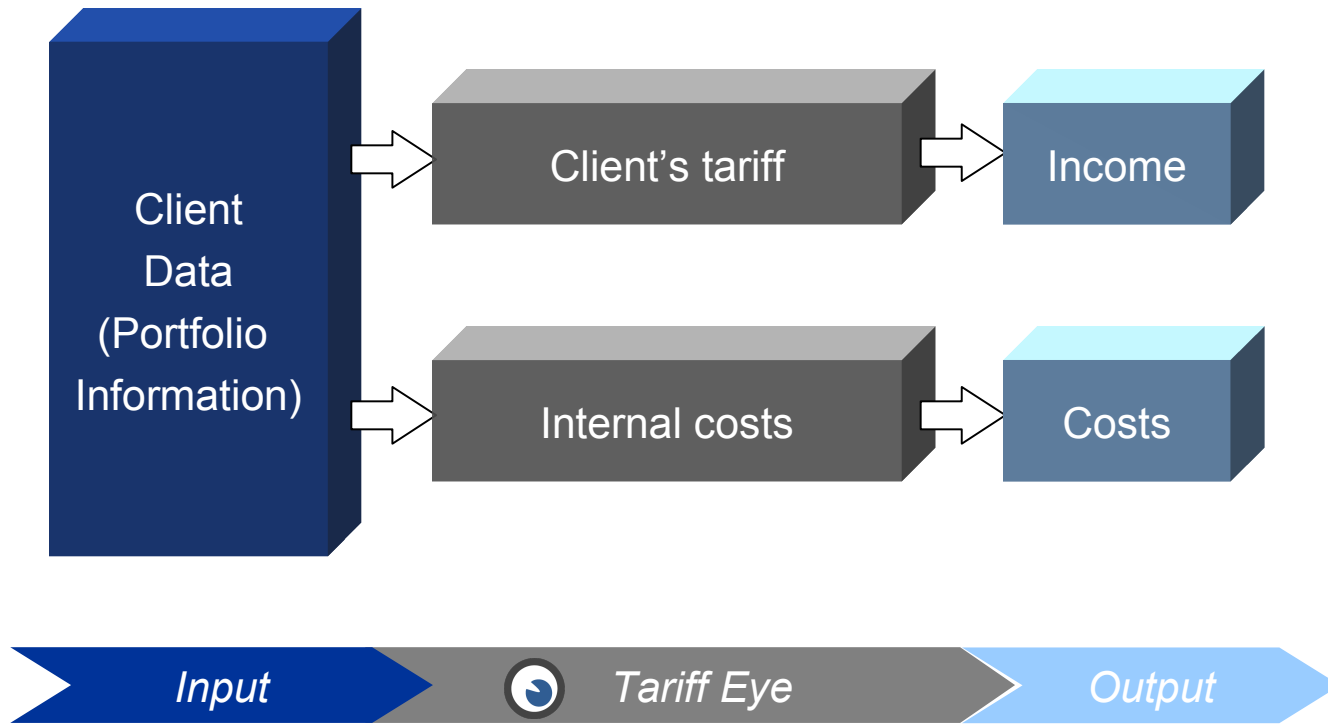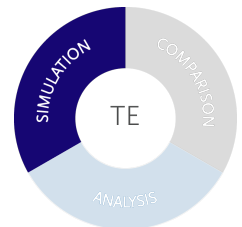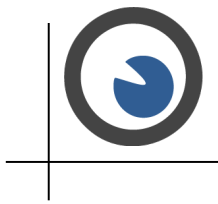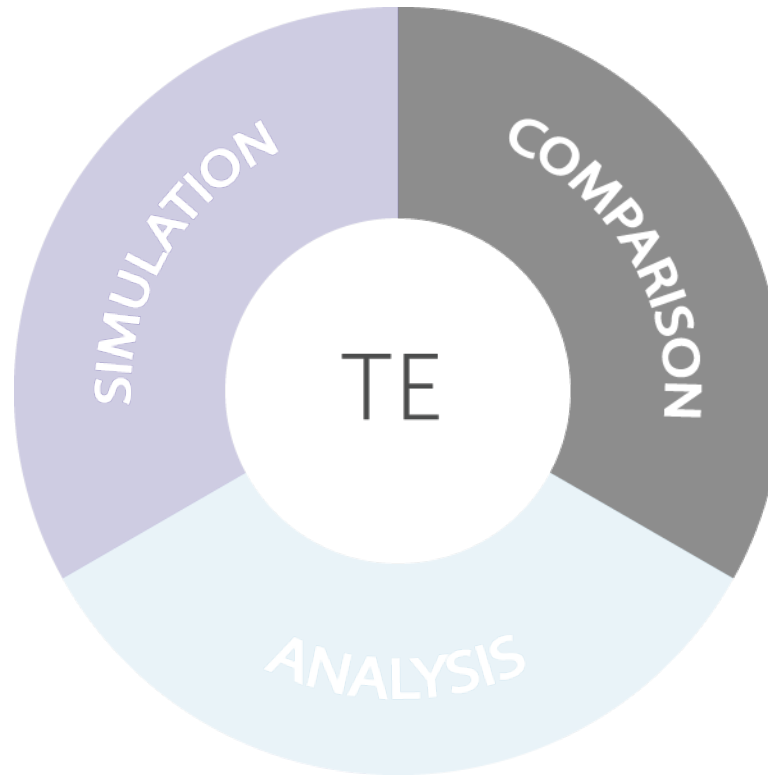
OPERATION
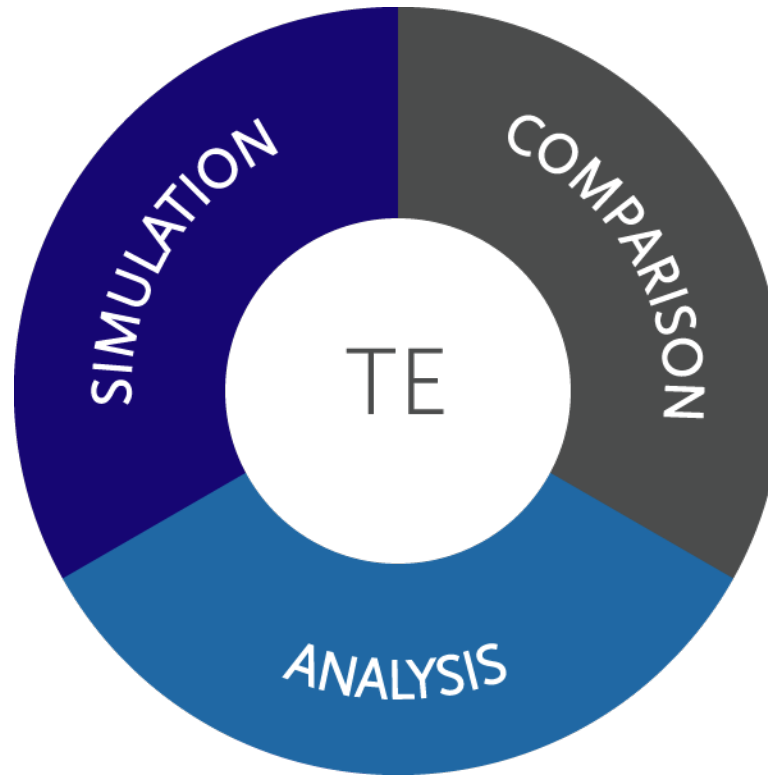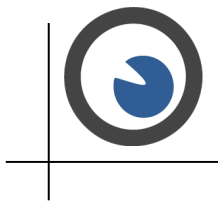
SIMULATION

MARGIN CONTROL

Client Data (Portfolio Information) → Client's tariff → Income

Client Data (Portfolio Information) → Internal costs → Costs
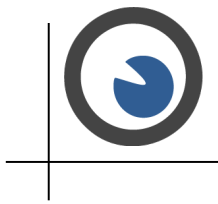
Input — *Tariff Eye* — *Output*

- Margin control
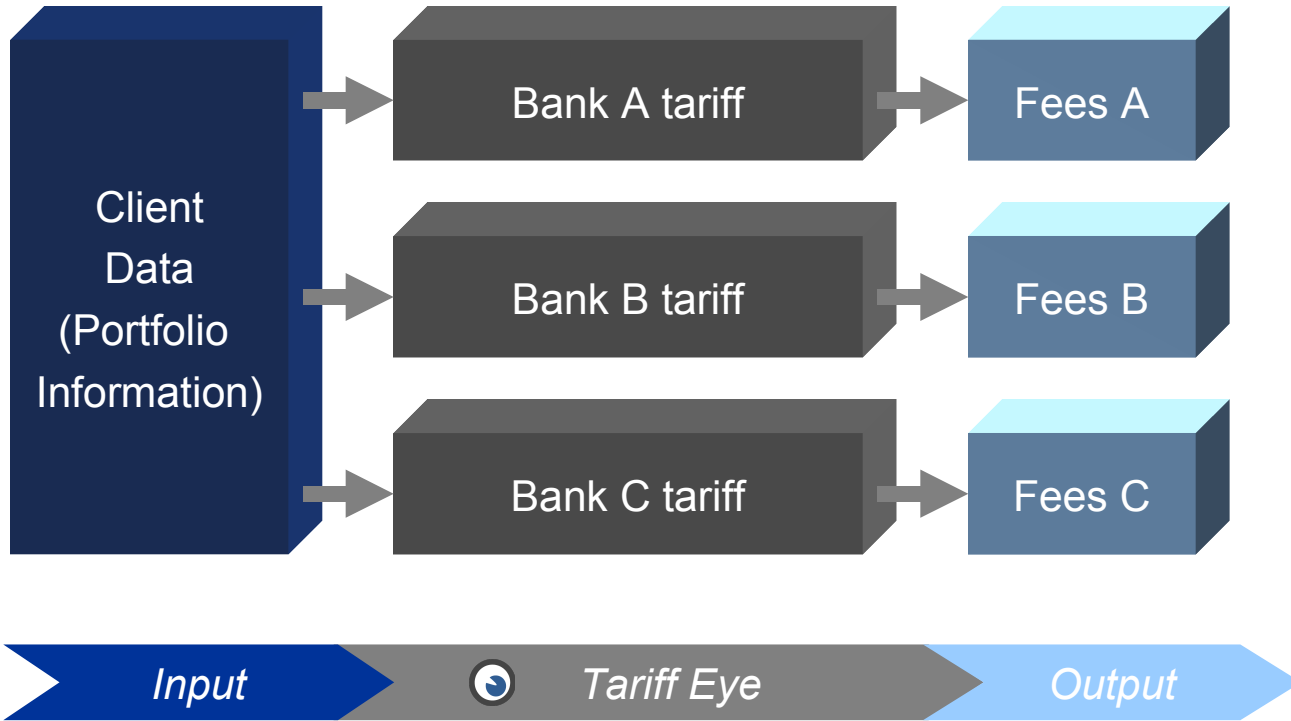- « No-loss » negotiation

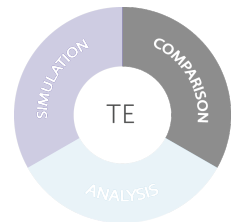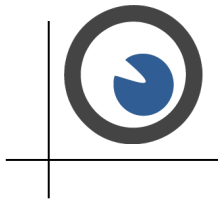SIMULATION · COMPARISON · ANALYSIS · TE

14

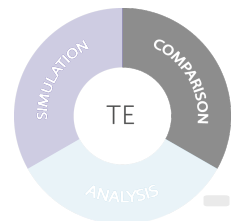# COMPARISON

BENCHMARKING

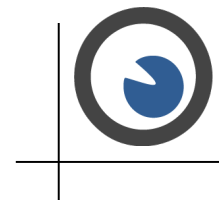- Competitor's analysis and surveillance
- Marketing arguments

COMPARISONS - HOW TO DO THEM?
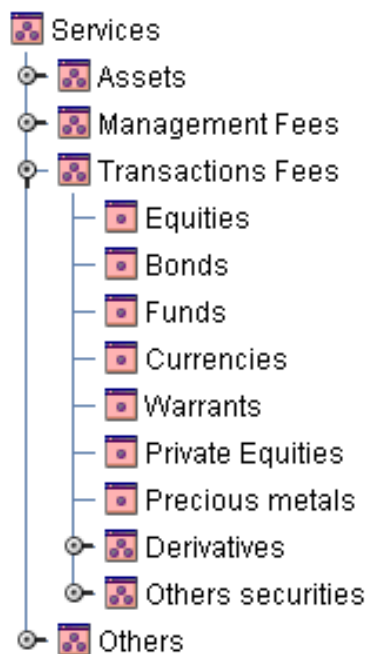
- **All banks have :**

  - **Similarities**

    - **Administration fees**

    - **Management fees**

    - **Transaction fees**

    - **Investment types (bonds, equities. funds, etc.)**

  - **Singularities**

    - **Geographic location**

    - **Marketplaces**

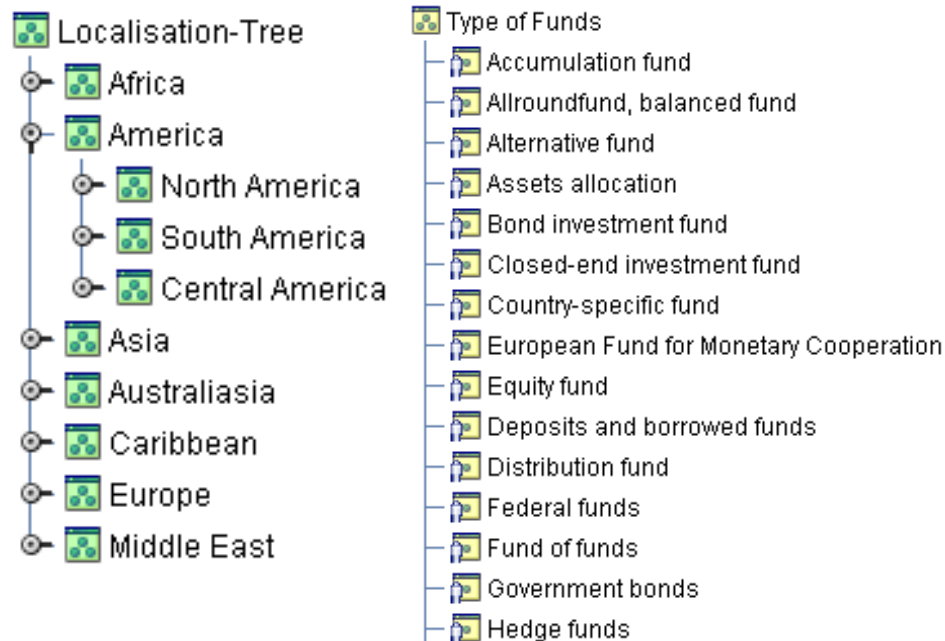   - **Types of funds**

    - **Industry segmentation (ISO), etc.**
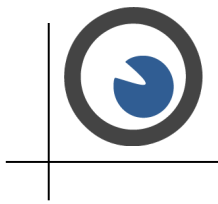
COMPARISON IN PRACTICE

Similarities

- Services
  - Assets
  - Management Fees
  - Transactions Fees
    - Equities
    - Bonds
    - Funds
    - Currencies
    - Warrants
    - Private Equities
    - Precious metals
    - Derivatives
    - Others securities
  - Others

Administration
Management
Transaction

Singularities / Specificities

- Localisation-Tree
  - Africa
  - America
    - North America
    - South America
    - Central America
  - Asia
  - Australiasia
  - Caribbean
  - Europe
  - Middle East

Geographic locations

- Type of Funds
  - Accumulation fund
  - Allroundfund, balanced fund
  - Alternative fund
  - Assets allocation
  - Bond investment fund
  - Closed-end investment fund
  - Country-specific fund
  - European Fund for Monetary Cooperation
  - Equity fund
  - Deposits and borrowed funds
  - Distribution fund
  - Federal funds
  - Fund of funds
  - Government bonds
  - Hedge funds

Type of funds

COMPARISON IN PRACTICE

- **Our software offers a choice between different comparison matches ordered by their level of accuracy**
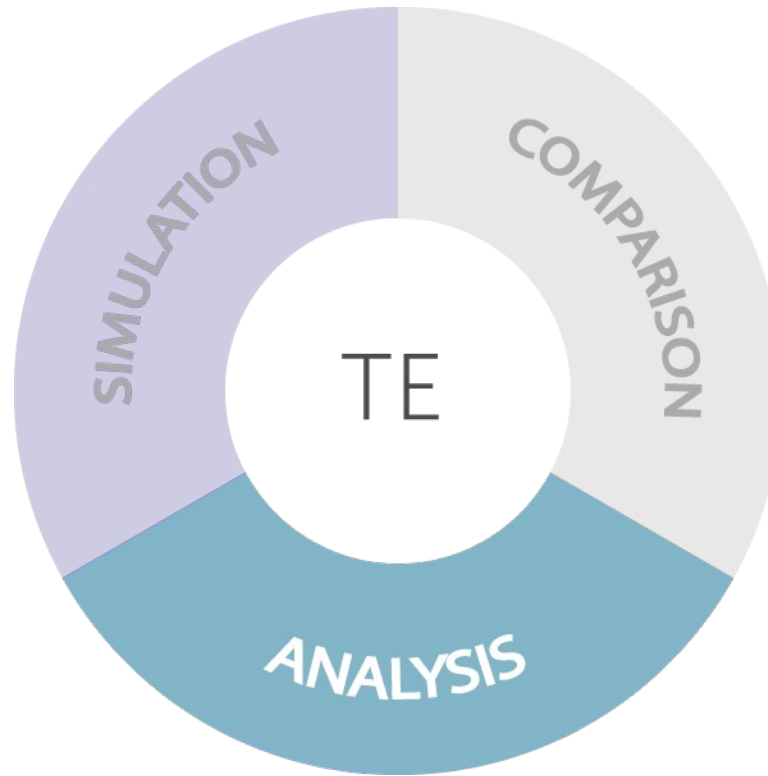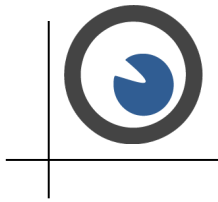
Client Portfolio (Reference)
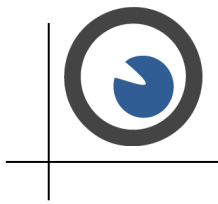
Alternative Tariff structured

ANALYSIS

PRICING MODIFICATION

| Client Data | → | Client's tariff | → | Fees |

| Tariff Modification | → | Client's modified tariff | → | Fees |

Input → 🕐 *Tariff Eye* → *Output*
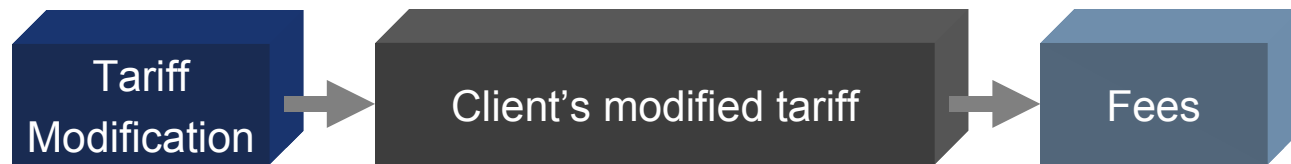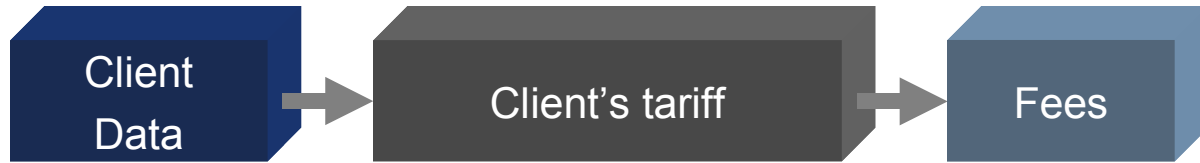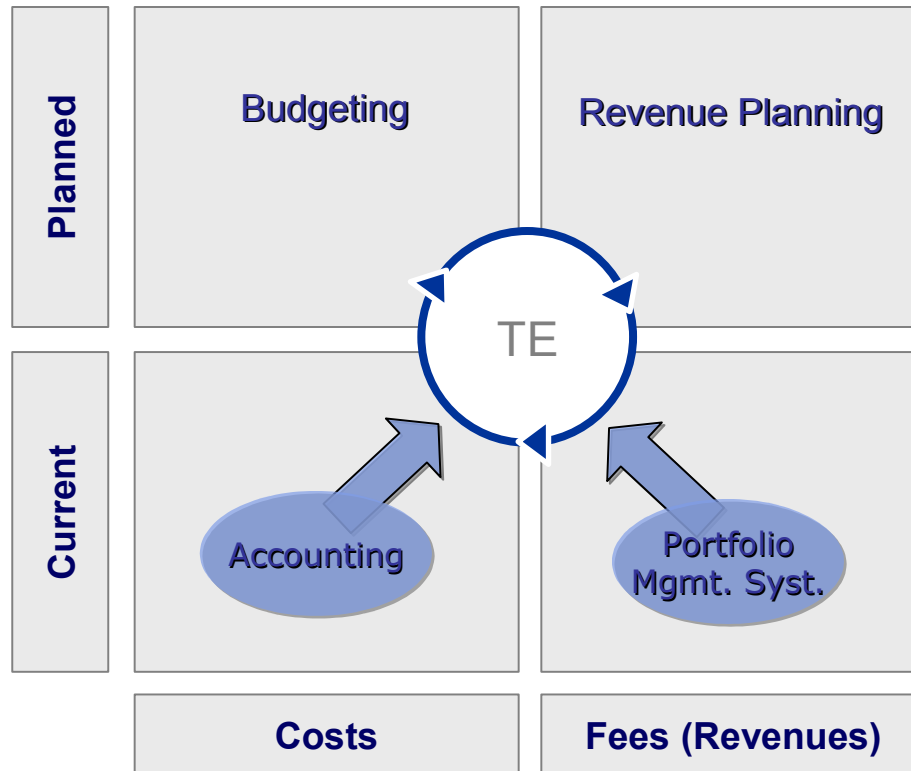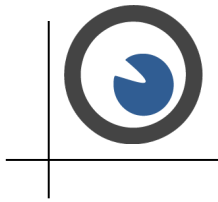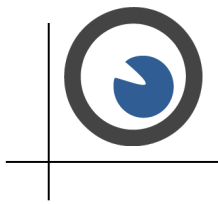
- Preview of the impact of a given tariff modification
- Pricing analysis

TE CAN INTEGRATE SEVERAL SOFTWARE SYSTEMS IN ORDER TO COVER THE WHOLE LIFE-CYCLE
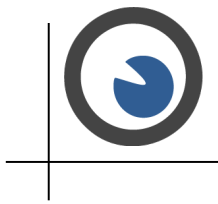
TARIFF EYE CAN BE DEVELOPED FURTHER IN LINE WITH MARKET NEEDS – THE PRODUCT ROADMAP

- **A data base of reference tariffs of other financial institutions:**

    - **For benchmarking purposes**
    - **Periodic updates (e.g. 4 times per year)**
    - **On a subscription basis**

- **Implementation of retrocession price components:**

    - **Very easy to be implemented because this price component is fully inline with Tariff Eye's internal computation model**
    - **Will be investigated carefully (product political issues involved -> does this break a taboo? do our clients really want to open this agenda?)**

- **Streamlining the tariff-calculation engine:**

    - **Implementing a high-volume option for calculation of mass-data**

- **Extended Aggregation / Reporting capabilities**

FOR MORE INFORMATION, PLEASE CONTACT

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