



For Immediate Release

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Corporations Pouring Money Into Banks

Deposits Up Nearly 9% to \$1.3 Trillion

June 23, 2010 (Chicago, IL) – A desire for safety and liquidity led corporations to direct nearly \$1.3 trillion into bank deposit and sweep vehicles in 2010, an 8.9% increase over last year, according to the **20th annual U.S. Deposit & Sweep Survey conducted by Treasury Strategies, Inc.**

“This shift in corporate behavior is completely changing how banks manage commercial deposit portfolios,” said Chrystal Pozin, Principal with Treasury Strategies, Inc.

Expansive monetary policy, low interest rates and risk concerns led to the growth in commercial bank deposits, despite a decline in sweep balances.

Below are several key survey conclusions:

- **Deposits are on the rise across banks** – Commercial DDA balances grew significantly to \$603 billion, a 14% increase. However, the value of bank deposits is at risk given excess liquidity and low interest rates. “Bank treasury and bank funding units need to coordinate more closely to ensure a consistent strategy and to maximize balance value,” said Dave Robertson, Partner with Treasury Strategies, Inc.
- **Sweep accounts continue to decline at about 27% year-over-year** – Due to low rates, many corporates shut off sweeps and redirected those balances to deposit accounts. “This trend underscores the need for banks to restructure their sweep products to maximize corporate relationships and minimize friction across interest rate environments,” said Pozin.
- **Sweep balances declined less severely** – by 16% to \$579 billion. Historically, sweep products have been a primary reservoir for reserve cash held by corporates as a liquidity cushion.
- **Performance varied markedly among participants** – pointing out the need for banks to refine their deposit and sweep pricing and positioning strategies.

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“In light of the dynamic market, competitive environment, regulatory changes and economic drivers, banks must be more nimble and flexible in their deposit and sweep strategies. Getting the commercial deposit strategy ‘right’ is critical for the continued strong performance of the Treasury Management businesses within banks,” said Robertson.

Treasury Strategies conducts the U.S. Deposit and Sweep survey annually as part of its consulting practice. Now in its 20th year, it is the definitive industry study of the U.S. market and captures bank deposit data from institutions representing 98% of total bank assets.

About Treasury Strategies, Inc.

Treasury Strategies, Inc. is the leading Treasury consulting firm working with corporations and financial services providers. Our experience and thought leadership in treasury management, working capital management, liquidity and payments, combined with our comprehensive view of the market, rewards you with a unique perspective, unparalleled insights and actionable solutions. For more information, please visit www.TreasuryStrategies.com.

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