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Deutsche Bank

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Financial Innovation in Challenging Times

Today's finance innovators are challenged to come up with strategies to thrive despite the current economic environment. Inflation, tight credit and a scarcity of liquidity are characteristic of today's market, and the successful leaders will be the ones able to steer their organizations in the direction of market share. They will refocus their businesses on strategic growth markets and customer segments.

Increasingly, opportunities for top line revenue growth are now in emerging markets such as Brazil, Russia, India and China. These markets are important areas of business development because of an emerging middle class and overall higher growth rates than those seen in the West. To enter these markets and push revenue growth requires that corporations select banking partners that understand the regulatory environment, are able to mitigate commercial risk and provide a dependable financial infrastructure.

Going Global

The globalization trend is continuing at a rapid pace. No region is immune to economic turmoil, demonstrating the interconnectivity of the markets. Some of the global industries such as chemicals, technology, commodities, agriculture, consumer products, as well as oil and gas have become areas of explosive growth in the emerging markets.

Along with continued globalization of services and goods exists the reality that the total global supply chain has become more complex. Challenging economic and regulatory conditions for working across borders make companies more inclined to deal with financially strong institutions with the necessary infrastructure and expertise to operate in foreign markets. Companies are increasingly operating in growth markets with several layers of risk, including sovereign risk, commercial counterparty risk and currency risk. As a result, "flight to quality" and partnerships with trusted providers have become a priority in the corporate world.

Regulatory changes also provide opportunities for corporations to operate more efficiently on a global basis. The Single Euro Payments Area (SEPA) is a prime example that demonstrates how a regulation has an extensive impact; in this case, European countries are impacted, as well as every corporation that has euro payment activity. As consistency in the global regulatory environment increases, financial institutions offering more efficient and standardized products and services will be at a competitive advantage.

Areas of Opportunity
These days, corporate finance innovators are looking for ways to come up with global processes that unleash liquidity, working capital and standardization.

With liquidity so scarce and core bank lending unavailable to many corporations, working capital optimization has come to the fore. Companies are required to find cash in the context of their payables, receivables and their inventory. The only economic asset in a supply chain is cash. Cash and liquidity are at a premium, and that is why products like accounts receivable financing have become more attractive. In addition, there is more of an interest in timed and conditional payments and other ways to have greater control over liquidity that is trapped in the supply chain.

By uniting the Bank's Trade Finance and Cash Management Corporates areas, Deutsche Bank has been able to enhance its sophisticated global technology platforms with functionalities to manage liquidity, working capital and risks. We are also proud to announce that *Euromoney*, a leading industry publication, selected Deutsche Bank for the Best at Cash Management – North America award as part of the *Euromoney* 2008 Awards for Excellence. This award comes through the creative and cooperative approach of the global, extended teams that support our US dollar Cash Management franchise and also, very importantly, from our strong client relationships.