



Rabobank



Case: Free Record Shop

Payments

Rabobank's area of expertise extends beyond the field of finance to include strategic marketing as well. This insight formed a decisive factor behind Free Record Shop's decision to commission Rabobank to manage its stores' cash flows. It marked the first step towards a close banking relationship.

Half of all purchases made at Free Record Shop are paid for in cash. And all of these amounts add up to a very sizeable sum. The group has 180 Free Record Shops, 60 Van Leest stores, 3 Game Manias and 1 Fame store in the Netherlands alone. In addition, the group has more than a hundred stores in Belgium and Norway. So it would consequently clearly be very convenient for Free Record Shop to work with a bank that has an expansive network of branches for its cash deposits and management. In order to select the best bank to meet this need, CFO Leen Saarloos of Free Record Shop Holding BV asked the four largest Dutch banks to present their best proposal. Rabobank ultimately emerged the winner from this selection process. 'Rabobank not only has a large network of local member banks that accept cash deposits; it also offered an excellent solution for the rest of our cash flows,' concludes Saarloos. 'We have independent operating companies that have their own profit accountability. So one store might have a surplus of cash, while another has a shortage. Rabobank ensures that both situations are

'Rabobank not only provides products; it also joins in the creative strategic process'

handled within the same banking system, i.e. based on the same credit arrangement. Rabobank optimises the interest result by fictitiously pooling the balance each day. But no funds are actually transferred. This consequently leaves the individual stores' autonomy intact. In addition to the cash flows in the Netherlands, the cash flows in Belgium and Norway are also processed via the same cross-border cash pool.'

Deal in a nutshell:

- **Where:** Capelle a/d IJssel
- **When:** 18 June 2007
- **What was the problem:** What is the best and most economical way for a company with both numerous stores in the Netherlands and abroad and sizeable cash flows to manage its payments?
- **Which solution is chosen:** Cross-border cash pooling to process cash flows as efficiently as possible, a new system and rates for cash payments and payments via the PIN payment terminals and the application of MiniTix, a type of electronic wallet (Chipknip) for small payments via the internet.
- **Who were the parties involved:** Free Record Shop Holding BV, Rabobank Corporate Clients Rotterdam Region Team (Financial Logistics).



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Innovative ideas

'I just intuitively know that Rabobank is the best match for us. Rabobank understands us, works pro-actively with us, help us with our financial business processes and presents innovative ideas, such as the MiniTix, which is an online wallet that can be used to make small payments of between € 0.10 and € 10 on the internet. So it's actually a kind of Chipknip on the internet that you can, for example, use to pay for downloads from the Free Record Shop website,' says Saarloos.

He was especially impressed by the fact that Cees

'Improved interest result thanks to fictitious pooling'

Boer, who led the meetings on behalf of Rabobank, expanded the focus to include another theme. Saarloos: 'He knew that other banks could offer more or less the same technological solutions for payments and cash pooling that he could. So he changed the rules of the game so that he could still come out on top. That really appealed to me. Boer identified and addressed a latent need that we had for marketing and communications. This aroused the interest of Hans Breukhoven, the founder/owner of Free Record Shop.' The result: Rabobank's and Mr Breukhoven's marketing communications staff arranged a meeting to discuss how they might be able to help each other.

'Downloading music via our website is not yet attractive for us at the moment,' says Saarloos. 'We don't make any money on this activity right now because we still have to pay overly high digital rights for the music. But MiniTix, which is an initiative of Rabobank, is relatively inexpensive as a means of payment and consequently represents an attractive solution for us.'

Courage

Saarloos: 'Rabobank not only has a large network, but is also able to think out of the box with regard to our company's strategy. They play an active role at

Key characteristics of the deal:

- Cash pooling of the various cash flows in the Netherlands and abroad.
- Local payments in the Netherlands, Belgium and Norway.
- MiniTix for small amounts via the internet.
- Various forms of credit to cover the financing need.

the negotiating table and see solving our problems as a challenge. They're willing to stick their necks out. That attests to courage. We are a complex company with a relatively large number of stores. Just take payments via the PIN payment terminals for example. Every store has at least one PIN payment terminal that had to be converted to Rabobank accounts. And the cash deposits also had to be switched to Rabobank branches. So the conversion from one bank to the other was a big operation.'

Interested?

Contact your account manager or your local Rabobank.

