

ADVERTISER'S ANNOUNCEMENT

BUILDING A RELATIONSHIP WITH YOUR BANK

Building a positive working relationship with your bank is key to running a successful business. In part two of our four-part series, we discuss the importance of that relationship



In a recent survey completed by the Irish Banking Culture Board (IBCB), trust levels between those farmers surveyed and banks were found to be particularly low when compared with other business groups.

Martin Stapleton, board member and treasurer of the Irish Farmers Association, highlights some of the problems farmers face.

"Farmers don't feel listened to and they don't think the current model of banking suits their needs. Farmers need to be heard and understood by their banks, and need to have their financial needs met."

Building a strong relationship often comes from the ongoing effective management of your current account, which is the foundation of your banking service with your bank and is one of the key indicators of your farm's financial performance.

According to Eoin Lowry, head of agri at Bank of Ireland, "It's important to give it time and to have the proper overdraft facilities and working capital in place to work in tandem with your current account."

Farmers often find managing day-to-day banking can be cumbersome. Donal Whelton, head of agri at AIB, offers some advice on how to solve these issues.

"Preparing a simple cashflow planner will help identify the level of working capital required for your business. The cashflow planner will also help identify the root cause of any cashflow difficulties and allow financial institutions to put the appropriate working capital in place to support you and your business."

Farmers may face other issues with their current account and the strategy around cashflow management.

Such issues may include using cashflow to build up stock numbers, when in fact a stocking



Martin Stapleton, board member, IBCB and treasurer, IFA; Patrick Ryan, business banking manager, Permanent TSB; Donal Whelton, head of agri, AIB; Eoin Lowry, head of agri, Bank of Ireland; and Jennifer Hughes, head of customer policy, IBCB.

loan may be a more appropriate strategy in the long run.

It is also very important to manage within the agreed limits on an overdraft on your current account, or on a credit card as breaches of these limits can be shown on your Central Credit Register credit report and could impact on future lending requests.

In the event that your business experiences difficulties, it's a good idea to engage with your bank early, talk through any difficulties, and your bank can then work with you on how best to support you.

To help with this and to ensure a positive relationship, we would encourage farmers to engage regularly with their bank. Along with ongoing engagements, succession planning may form part of the discussions that need to take place. If you are considering succession planning, it is a good idea to introduce your successor to your bank contact and bring them into your engagement with your bank as soon as possible.

Permanent TSB business banking manager Patrick Ryan explains that "it's really important to have ongoing engagement with your bank so they can really understand your farming and business needs".

Bank staff are available to support you in this ongoing engagement either through face to face or direct support channels. This topic will be discussed in more detail in a podcast in the coming weeks.

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