

Funds Transfer Pricing in Swedish Savings Banks – A Survey

Viktor Elliot

1. Introduction

Despite a widespread understanding that banks commonly use funds transfer pricing (FTP), there are relatively few empirical studies on this topic. Drury (1998) and Oyelere and Turner (2000) are among the few notable exceptions. Consequently, there is a lack of understanding of what type of FTP methods banks actually use and why. The recent regulatory debate has brought new attention to banks' FTP practices (cf. Grant, 2011; Tumasyan, 2012) and this paper investigates *why* and *how* Swedish savings banks (SSBs), use FTP.

The SSBs have three key advantages as the object of this study. First, Swedish banks, which in general weathered the crisis relatively well (Goddard, Molyneux and Wilson, 2010; Lindblom, Olsson and Willeson, 2011), have been quick to adapt to the new regulatory framework. For instance, a recent SFSA report shows that Swedish banks are already largely compliant with the increased capital and liquidity requirements covered by Basel III (SFSA, 2012). The case of Sweden may be illustrative in understanding how banks adapt their FTP practices to the regulatory pressure. Second, as noted by Ho (2008) compliance with tax laws has grown to become one of the main reasons for firms to use transfer pricing. Multinational firms may use it to comply with tax laws (e.g. Cools et al., 2008) or even to evade taxes by income shifting (e.g. Bartelsman & Beetsma, 2003) but since the SSBs do not operate outside Sweden (cf. Olsson, 2009) the tax-discussion can be ignored. Finally, savings banks in many countries belong to regional associations and directly or indirectly to national associations (Ayadi et al., 2010), which is true also for the SSBs. The SSBs have several more or less formalized regional co-operations: most of them are also members of the Swedish Savings Banks Association (SSBA) and cooperate with Swedbank¹; from which they source their IT-services, including the FTP-system (cf. Olsson, 2009; Lundberg, 2013). Such co-operations are likely to influence the pricing in the banks involved and the present paper offers some evidence in that direction.

The main contribution of the paper is empirical and as such it adds to the broader literature on transfer pricing (TP) which has identified a number of both reasons why firms use TP and methods for pricing internal transactions (cf. Eccles, 1985; McAulay and Tomkins, 1992; Emmanuel and Mehafdi, 1994; Tang, 2002; Ho, 2008). Despite persistent and

¹ One of the large commercial banks in Sweden.

eloquent theoretical modelling in the search for an optimal solution to the TP puzzle (cf. Hirschleifer, 1956; Gould, 1964, Lantz, 2000) the empirical literature continuously report a widespread ambiguity among practitioners with respect to why and how internal transactions are priced (see Emmanuel and Mehafdi (1994) and Tang (2002) for reviews). Moreover, a majority of the empirical TP literature considers large manufacturing firms in an American setting (Emmanuel and Mehafdi, 1994; Tang, 2002) but as noted by Lantz *et al.* (2002) service firms may differ both with respect to why they use transfer pricing and in the methods they apply. Thus, in general the paper contributes with a better understanding of why and how service firms use TP, and specifically why and how banks use FTP.

The paper is organized as follows. The next section explains the methods used and introduce the data. In the third section the data is presented and analyzed in view of our current understanding of FTP use in banks. The final section concludes and offers some practical implications and suggestions for future research.

2. Methods

Following Diamond's (2000) and Van der Stede et al. (2005) the method-section is divided into five general categories: (i) purpose and design, (ii) population definition and sampling, (iii) survey questions and other research method issues, (iv) accuracy of data entry, and (v) disclosure and reporting, and these are discussed next.

2.1 Purpose and design

The purpose of the study is to investigate *why* and *how* Swedish savings banks, use FTP. Investigate is used to indicate that the purpose is not only to describe the SSBs' FTP practices (although it is the main goal) but also to analytically frame these practices based on the current theoretical understanding of FTP use in banks. Still, since the main purpose is descriptive, the survey is designed to discover characteristics of a given population rather than to test theory (see van der Stede et al., (2005) for an extended discussion). The analysis is conducted at the organizational level (cf. Luft and Shields, 2003) and in accordance with Young (1996) multiple respondents from each bank were asked to answer the survey. The survey is cross-sectional and was conducted during the fall of 2013.

2.2 Population definition and sampling

The target population is small local banks but because of the reasons mentioned above it was decided to limit the survey population to all Swedish savings banks (N = 63). Since information about FTP practices is highly sensitive non-probability, or convenience, sampling

was utilized and respondents were drawn from the participant list of an Executive Education for CFOs and Controllers from Swedish savings banks held in 2013 and partly organized by the author. 36 CFOs and controllers from 34 SSBs attended the education and each participant received a letter with five questionnaires, pre-paid response letters and instructions to distribute the survey to colleagues with insights into the bank's FTP practices (see Appendix A for a translated version of the instruction). The size of the different banks varies (see Table 1) and the number of responses was believed to increase with size. This approach limits the generalizability of the finding to the target population and the results should be considered as indicative. Still, the approach allowed for an efficient way to gain access to multiple respondents and receive a high response rate within the selected sample, which were deemed as important aspects to fulfill the stated purpose.

Table 1 Size of the SSBs

	<i>Min</i>	<i>Max</i>	<i>Average</i>	<i>Median</i>	<i>n=29</i>
Total assets (mSEK)	964	18225	5759	4112	
No of Employees	11	257	76	93	
No of branches	1	20	4	4	

2.3 Survey questions and other research method issues

The survey was developed through a review of the literature on TP in general and FTP in particular and divided into four main parts (see Appendix B). Following Dillman (2000), the survey starts with simple and salient questions (Part 1) and each section is grouped based on topic. Part 2 includes questions related to the use of FTP in the SSBs and is based primarily on Drury (1998) and Oyelere & Turner (2000). Part 3 asks how the SSBs' close relationship with Swedbank (see further below) affects the FTP rate. Finally, Part 4 uses the questions from Kald & Nilsson (2000) and Gibbs et al (2009) to identify how the information generated by the FTP system is used to measure, evaluate, and reward performance in the SSBs.

In line with the recommendations of van der Stede et al. (2005) the survey went through a three-step pre-test. A first version of the survey was presented at an international conference during the early fall of 2013. After extensive revision the survey was sent to a pilot group of potential respondents and after further revision a group of colleagues with a good understanding of the topic reviewed the survey and offered some final comments. The full pre-test period took about four weeks.

Out of the 33 bank representatives from 31 banks that received the survey, 29 helped distribute the survey to a total of 107 respondents (between 1-8 individuals in each bank). 99 respondents returned the survey providing a response rate of around 90 percent both in terms of banks and individual responses.

2.4. Accuracy of data entry, disclosure and reporting

Despite considerable pretesting, eleven respondents expressed that it was difficult to complete the entire survey. The main stated reason was that the respondent felt a lack of extensive knowledge and understanding of the FTP-process. The relatively large number of missing values is another indication in this direction. The approach to let bank representatives identify individuals with insights into the FTP-process could potentially explain this problem. The representatives were asked to hand out the survey to all persons that may have some insights into the bank's FTP practices. Moreover, it is unlikely that the missing values are a result of mistakes since, in accordance with Dillman (2000), two questions with a mixed response order were added in order to control for the respondents attendance to the questionnaire. The vast majority of the respondents seem to have noted this as indicated by their answers.

For reliability reasons a translated version of the full survey is provided in the Appendices and a cleaned version of the dataset is available upon request. The survey was developed and used for the purpose of this paper and not as part of a greater study.

3. The Survey

TP refers to a monetary expression of a movement of goods or services between organizational units of the same enterprise (Wells, 1968; Emmanuel & Mehaftdi, 1994). In banks it is often money that is being internally transferred from one unit to another resulting in the frequently used term; funds transfer pricing (FTP). In this paper TP refers to the monetary expression of internal transfers of products and services such as IT, product development, asset management and employee training. The next sub-sections start by discussing the previous literature and then present the results of the study.

3.1 Why is FTP used?

The literature has identified three main reasons to explain why banks use FTP; the separation theorem, evaluation of branches, and risk management. The separation theorem states that loans and deposits must be priced with reference to the market rate, and that these decisions are independent of one another (Klein, 1971; Monti, 1972). Dermine (2009) suggests that FTP is a good way to handle this separation internally. From a practical perspective, Weiner

(1997) notes that FTP is useful to evaluate branches based on the following intuition. Some bank branches may collect deposits that exceed the amount of issued loans, so called, surplus units or net funds providers, while other branches may issue loans at an amount that exceed the level of deposits and these are referred to as deficit units or net funds users. Without an internal FTP system the surplus units will never appear profitable, whereas the deficit units will always appear profitable and the FTP system therefore allows for a better evaluation of the units. Finally, FTP can be used to price and transfer risk internally by distinguishing between different risks related to a financial product and allocating them to different units depending on risk responsibility and accountability.

The empirical results on why banks use FTP is rather limited but a few studies exist on the topic. In a survey of 36 (28 responses) UK building societies Drury (1998) found that all of the banks had some type of FTP system and the main reason given was to evaluate branches. In another UK-based survey Oyelere & Turner (2000) found that among the top 25 (16 responses) largest financial institutions (banks and building societies) the top two objectives of using transfer pricing was (i) to achieve overall corporate objectives and (ii) to stimulate fairness and neutrality. Finally, based on interviews conducted in 2012, Lundberg (2013) found TP and FTP to be important instruments of control in the SSBs. One bank in particular explained how the FTP was used as a signaling device to branches. When the bank wanted to increase lending, the FTP was lowered and when the bank wanted to increase deposits the FTP was increased.

80 respondents from 26 banks reported that their bank uses FTP and there is a strong and significant correlation between reported FTP-use and size. However, 19 respondents from nine banks reported that the bank does not use FTP. This is a rather puzzling finding in itself since within-bank responses in seven banks differed in terms of whether the bank actually uses FTP or not. To further illustrate, Figure 1 shows the distribution of answers to whether the objective of the FTP system is to maximize the bank's profit or not. The figure clearly shows that within-bank variation is high and explains most of the total variation, indicating that the respondents do not share a common perception of the objective of the FTP system.

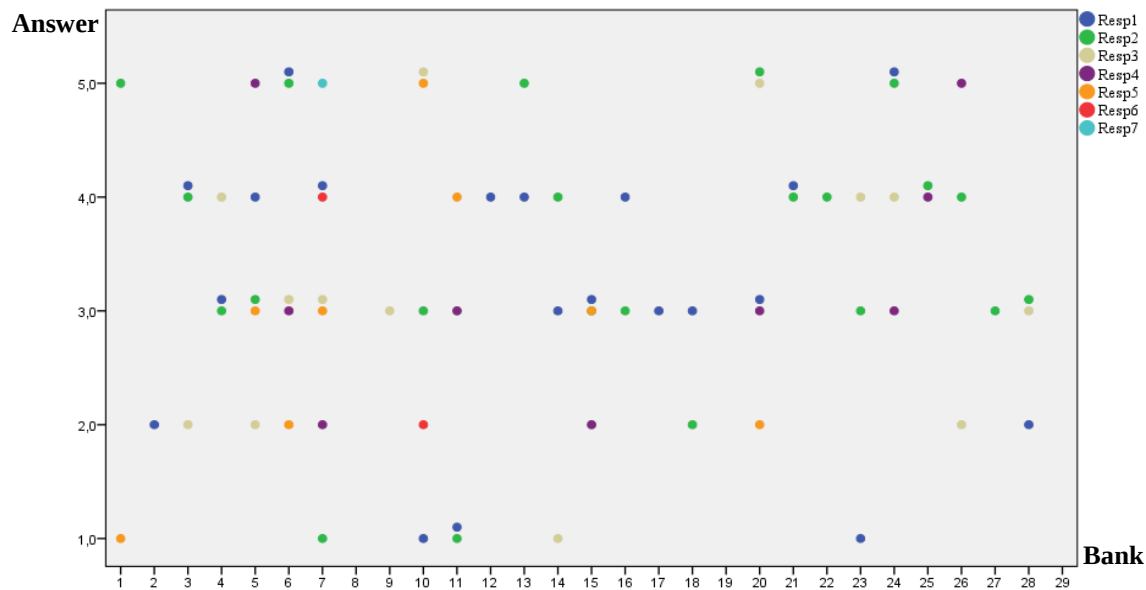


Figure 1 Is the purpose of using FTP profit maximization?

Table 2 lists the respondents' stated reasons for using FTP. Similar to Oyelere & Turner (2000) the top objective seems to be strategy implementation or overall achievement of corporate objectives. However, the differences between the various reasons are small and offer further reasons to believe that the respondents are relatively unclear about the objective of the FTP system. Seven respondents indicated "other reasons" and the common answer was "to improve pricing-decisions".

Table 2 Ranking of FTP objectives by respondent (R) and bank (B)

Objectives	Mean (R)	Mean (B)	Std dev. (R)	N
Strategy implementation	3.47	3.27	1.02	77
Bank risk management	3.36	3.29	1.10	77
Improve bank-level evaluation	3.28	2.94	1.16	76
Regulatory compliance	3.27	3.45	1.13	75
Improve unit-level evaluation	3.25	3.23	1.30	75
Profit maximization	3.25	3.10	1.18	77
Fair picture of unit performance	3.21	3.26	1.21	75
Fair picture of bank performance	3.21	3.60	1.17	76
Unit risk management	3.04	3.35	1.17	75
Reduce uncertainty of unit result	3.03	3.23	1.22	75
Reduce uncertainty of bank result	2.95	3.01	1.20	76

The majority of respondents that reported non-use have plans to introduce FTP in the future and the main stated reason is regulatory compliance. In fact, today all the SSBs have FTP rates in their IT-systems but some banks may not use it.

3.2 How is the FTP rate/s set?

There are numerous ways to decide on the FTP rate(s) with different levels of complexity and sophistication, including one single pool, multiple pools, and matched maturity marginal rates. The single pool method means that the bank organizes one single pool of money from which the branches can ‘buy’ or ‘sell’ funds. Funds providers are credited and funds users will be charged based on the same rate. Although this procedure is easy to understand and implement it is also simplistic in the sense that there is no distinction made between credit risk and interest rate risk, since all instruments are priced equally regardless of maturity and reprising characteristics (Weiner, 1997; Kawano, 2005). In addition, if the rate is *too high* there will be an incentive to attract deposits but a disincentive to make loans and vice versa if the rate is *too low* (Dermine, 2009).

In the multiple pools method, earnings assets and investable funds are divided into different pools depending on their maturity and reprising characteristics. Both methods can be utilized on either a net or a gross balance basis. Under the net balance basis, branches are charged based on their net positions, whereas under the gross balance basis funds users purchase from a gross asset pool and funds providers sell to a gross liability pool. The FTP rate can be based either on an average rate or a marginal rate. An average rate uses the income or expense related to the funds pool, such as total interest expense divided by average total deposits (adjusted for float and reserve requirements), i.e. the overall cost of funds. A marginal rate uses open market rates, such as T-bills for either a specific point in time or on average. Although the marginal rate is a better indicator of current and future market conditions, it still does not account for different maturities (Weiner, 1997; Kawano, 2005).

The matched maturity marginal method uses current market marginal funds costs with matching maturities of the assets being funded. Since each unit is both a provider and a user of funds there is no net funds position. The idea is to provide each source or use of funds with a stable net interest margin. The central unit will serve as the buyer and seller of funds, and is therefore responsible for handling the interest rate risk (Weiner, 1997; Kawano, 2005). The theoretical literature advocates the matched maturity marginal method (cf. Dermine, 2009) but from a practical perspective this method has several disadvantages. First, the pooled average cost methods are easier to implement and thus places less demands on the bank’s information system. Second, the relative simplicity of the pooled average cost methods make them more understandable for the business unit managers and thereby incentivizes them to comply (e.g. Kawano, 2005; Grant, 2011). Finally, as noted by Grant (2011) the average cost of funds is less volatile providing a more stable net interest income across business units. The limited use

of the matched maturity marginal method is also supported by the empirical evidence. Drury (1998) found that the majority of the banks in his survey used either a single or a two pools method and about half of the banks used an average rate and the other half used a market rate with a predetermined percentage margin add on. Oyelere and Turner (2000) found that a majority of the banks in their sample based their FTP rate on a market rate but unfortunately they do not report on the number of pools used by the banks. Finally, Grant (2011) found a large variety of different FTP methods ranging from single pool average rate methods to more sophisticated FTP systems but the paper only comments on the underdeveloped FTP-systems and does not report on the explicit systems used by the surveyed banks.

To increase our understanding of how the FTP rate is set by the SSBs the survey included questions about both the methods used, who in the bank that is responsible for setting the FTP-rate, how often it is updated, and what external factors may influence the FTP-rate. The results are reported in Tables 3a-d. About half of the SSBs report a separation between the pricing of deposits and lending. The majority (70 %) bases the FTP rate on market rates and only a few (7 %) use an average rate. The remaining banks (23 %) determine the FTP rate through negotiations. This result indicates that the use of market rates as a basis for the FTP rate has increased over time, which is not that surprising since the access to market data has increased vastly over the past 15 years. It is primarily the CEO and the CFO who decides on the FTP rate and the majority of the SSBs update their FTP-rate/s at least monthly. Finally, as shown in Table 3d the main stated reason for changing the FTP-rate is Swedbank and the next sub-section elaborates on the pricing between the SSBs and Swedbank.

Table 3a		Table 3b	
How is the FTP-rate set?	Mean	Who is involved in setting the FTP-rate?	Mean
The deposit rate is based on the market rate	3.78	CEO	4.42
The lending rate is based on the market rate	3.77	CFO	4.25
A single rate for deposits and lending	2.82	CRO	2.10
The lending rate is set through negotiation	2.16	Branch manager	1.85
The deposit rate is set through negotiation	1.98	Area manager	1.84
The deposit rate is based on a portfolio average	1.72		
The lending rate is based on a portfolio average	1.57		
Table 3c		Table 3d	
How often is the FTP-rate updated?	Mean	What causes a change in the FTP-rate?	Mean
Monthly	3.68	Swedbank's lending rate	3.56
Weekly	2.73	Swedbank's deposit rate	3.51
Daily	2.53	Regulatory change	3.03
Quarterly	2.15	The central bank's interest rate prognosis	2.87
Yearly	2.09	Strategic decisions to increase deposits	2.84
Never	1.05	Strategic decisions to increase lending	2.80
		The competitors' lending rate	2.77
		The competitors' deposit rate	2.63

3.3 Pricing between the SSBs and Swedbank and the effect on the FTP-rate

The close relationship between the SSBs and Swedbank is reflected in Table 4. The current prices are regulated by a national agreement that expires in 2017, which primarily includes IT-services and product development. Individual SSBs may also choose to acquire additional products and services from Swedbank: such as phone banking and reporting (plus services), asset management, and insurance management. As shown in Table 4, all of the SSBs in the survey acquire at least the basic package from Swedbank and the vast majority also uses the insurance management service. The results concerning plus services and fund management are more mixed. There is a significant (at the 5 percent level) negative correlation between size and plus services. On one hand, smaller banks have fewer resources to keep the phone bank in house and/or develop their own management control instruments, which may explain this result. On the other hand, contingency theory (see Chenhall (2003) for a review) has identified size to be an important variable in predicting what type of control system firms need. If smaller SSBs acquire big bank control systems it may result in a mismatch, with negative impact on the performance of these smaller banks.

Table 4 What products does the SSBs acquire from Swedbank?

Acquire from Swedbank	Mean (R)	Mean (B)	Std dev. (R)	N
Basic package	4.79	4.80	0.46	95
Plus services	3.68	3.34	1.22	95
Asset management	3.71	3.62	1.49	92
Insurance management	4.05	3.91	1.11	94

The pricing between the SSBs and Swedbank is indirectly related to the FTP since the SSBs source their IT services, which include the FTP system, from Swedbank. Moreover, as indicated by Table 3d (see section 3.2 above) the SSBs commonly benchmark their prices against Swedbank. Previous research has identified three different price strategies used by the SSBs: lower prices than Swedbank, higher prices than Swedbank, and same prices as Swedbank. This is confirmed by Figure 2, which also shows that the respondents seem to have a much clearer picture of their pricing strategy in relation to Swedbank than they have of their own FTP systems. Thus, it is not farfetched to assume that the prices that the SSBs charge their customers are primarily based on Swedbank's cost of funds rather than the individual SSBs own cost of funds. On a competitive market, this is of limited concern from a pricing perspective since the funding costs should be the same but from a risk management perspective it may be problematic. Figure 3 compares the balance sheets of a typical SSB and

Swedbank. As can be seen from the balance sheets the funding structure of the typical SSB is rather different from Swedbank.

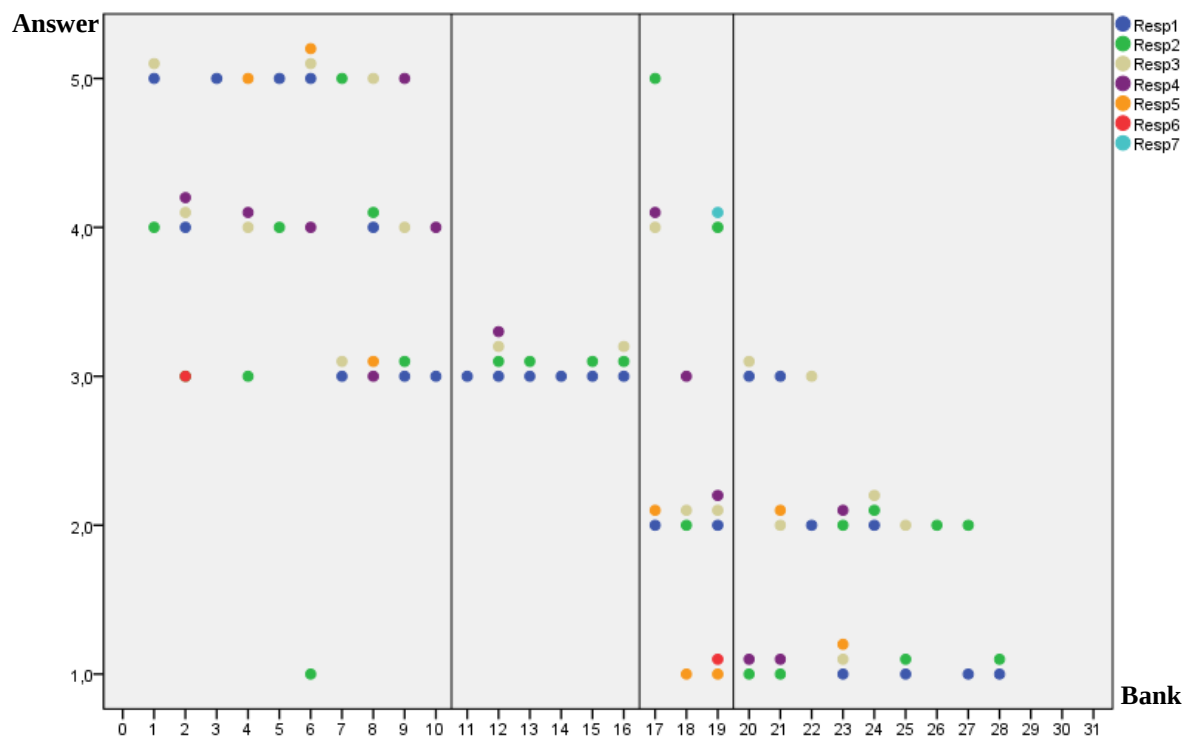


Figure 2 The SSBs pricing in relation to Swedbank

Typical SSB		Swedbank	
Lending 81 %	Deposits 82 %	Lending 70 %	Deposits 34 %
Bonds & shares 17 %	Other debt 3 %	Derivatives 17 %	Issued bonds etc. 40 %
Other assets 2 %	Equity 15 %	Cash & other assets 13 %	Other debt 20 %
			Equity 6 %

Figure 3 Stylized balance sheets of a typical SSB and Swedbank

The former funds its lending business through deposits, whereas the latter uses a combination of deposits and bonds to fund their lending activities. According to a recent report from the Swedish central bank² the large Swedish banks normally fund approximately 75 percent of a regular mortgage through covered bonds (CBs) and the remaining 25 percent is a combination of deposits and unsecured bonds. Another report from the SFSA (2013) estimates that the spread between deposit funding and the two-year market rate for CBs have ranged between one and two percent over the past eight years. Hence, under a conservative assumption, deposit funding costs at least 50 basis points less than CB funding (not accounting for the transaction costs associated with bond issuance). The main reason for the price difference is related to liquidity- and interest rate risks, which are higher for deposits than CBs since deposits are commonly on demand whereas the CBs are term-based. Consequently, by relying on Swedbank's prices the SSBs account for the market risk but not for the idiosyncratic risks.

3.4 How is the information generated by the FTP system used?

As noted above the respondents have a dispersed picture of the motives for using FTP and this becomes even clearer when asking questions about how the FTP information is actually used. Table 5a ranks the performance measures used by the SSBs. The results are consistent with earlier studies of firms' use of performance measures (cf. Johansson et al., 1997; Kald & Nilsson, 2000) as well as studies specifically studying what performance measures banks use (Hoque & Hussain, 2002; Hussain, 2003; 2005). Table 5b shows the extent to which information generated through the FTP system is used to produce these measures. Again the results are more mixed and difficult to interpret.

Table 5a		Table 5b	
Use of different performance measures	Mean	The FTP-information is used to calculate	Mean
Return measures	4.43	Profitability measures	3.37
Profitability measures	4.29	Return measures	3.31
Sales measures	4.15	Risk measures	2.57
Cost measures	3.67	Cost measures	2.23
Risk measures	3.46	Efficiency measures	2.03
Measures of customer satisfaction	3.22	Regulatory measures	2.00
Quality measures	3.17		
Measures of employee satisfaction	3.03		
Efficiency measures	2.93		
Regulatory measures	2.68		
Environmental measures	2.39		
Market share measures	2.26		

² http://www.riksbank.se/Documents/Rapporter/Riksbanksstudie/2014/rap_riksbanksstudie_140411_sve.pdf

One possible interpretation of the result is that most of the top managers are either unaware of how the FTP information feeds into the performance measures, or they do not know how to use the information. As indicated by Table 3b (under section 3.2 above) it is almost exclusively the CEO and the CFO whom are involved in FTP-related issues and it may explain the large variation in responses. Thus, a majority of the SSBs seem to be using the FTP information to measure performance but only 14 respondents indicate that it is used to set targets, 26 to evaluate performance, and only three respondents indicate that the FTP information is used to reward employees.

4. Conclusion

The purpose of this study is to increase our understanding of how and why the SSBs use FTP. The paper provides a cross-sectional still picture of the current FTP practices among the SSBs. Although most of the SSBs use FTP, there seems to be considerable room for improvement in terms of both strategizing and communicating internally why and how it is used. The paper, thus, reinforces Grant's (2011) conclusion; that more work is needed among banks and bank managers to better utilize this powerful risk management and control instrument. The study further indicates that there is much room to further investigate collaborations such as the one between the SSBs and Swedbank. A number of interesting questions arise from this collaboration: *"do the SSBs need to pay a higher liquidity premium on fixed-term deposits?"*, *"if there is a run against one SSB, will Swedbank help them and in effect become a lender of last resort? If so should the SSBs pay for this service?"*, *"can the FTP-system be used more efficiently to account for the idiosyncratic risks attributable to individual banks"*. The last question is specifically relevant with respect to the common use of single or multiple pools FTP used by the majority of SSBs in this study. The FTP literature (cf. Weiner, 1997; Kawano, 2005; Grant, 2011) clearly shows the shortcomings of these more simplistic methods. The incorrect pricing of risk attributable to these methods incentivize credit officers and branch managers to increase the maturity mismatch and thus the bank's exposure to interest and liquidity risks.

Finally, the study confirms earlier results on firms' use of performance measures, indicating that financial measures aimed at reflecting profitability and profitability-related aspects (such as sales and costs) are indeed still the most important. However, it is less clear if and to what extent the FTP information is used to calculate these measures.

4.1 Research implications

The empirical research on banks' actual FTP practices is scarce and this paper confirms that these practices are still underdeveloped. An issue that needs further investigation is why the discrepancy between theory and practice remains. Eccles (1985) suggested that the TP system has an inherent contradiction between the managers' perceived fairness and maximizing corporate performance. This contradiction resides in the balance between a complex and consistently updated system and a system that is understood and accepted within the organization. The same contradiction may exist in banks FTP practices and further research should explore it to better understand how it may be solved.

A second issue that should be further explored is the implications of cooperation's such as the one between the SSBs and Swedbank. As noted by Ayadi et al (2009) similar cooperation's are common among small local bank and most likely vital to the survival of these smaller players on the banking market. However, the consequences of small banks adapting their prices to big banks are unclear and may lead small banks to assume that they successfully price risk, when in fact they may not be doing so. There is ample opportunity for future research to pursue this topic further; not least by exploring if the same benchmarking practices occur in other cooperation's.

Thirdly, the regulatory emphasis on bank FTP practices will gradually force smaller banks to adopt more sophisticated FTP systems. This is yet another regulatory cost that banks will have to account for in the post-crisis regulatory environment. Under the assumption that smaller banks have the resources to develop and implement more sophisticated FTP systems it may lead to a better pricing of risk but if not such banks may find it increasingly difficult to survive on the competitive banking market.

Finally, the paper also points to an important methodological issue that needs to be further discussed in relation to survey research. As noted in Figure 1 & 2 the within-firm variation vastly exceeds the between-firm variation. Many surveys, despite being conducted at an organizational level of analysis are based on one respondent from each firm. The findings of this paper indicates that the same approach would have resulted in a poor representation of the present state and future survey studies are strongly recommended to use multiple respondents from each firm.

4.2 Practical implications

FTP practices are highly underdeveloped and poorly understood within the SSBs. Considering that almost 70 percent of the SSBs income stem from the net interest income (internal data

received from the SSBA), it is quite surprising that the key employees does not have a clear picture of the cost of this important resource. If the regulatory debate has not already convinced them to do so, bank managers and management teams should put their FTP practice back on the agenda.

Two key questions that these managers need to ask are why should we have this system in the first place (i.e. should we have it and if so; what is the purpose) and how should we use it. Although the SSBs incorporate FTP in their IT-systems they do not seem to have a clear idea of why and even less knowledge of how to use the information generated by the FTP system and the same is probably true for banks in many other countries.... Fortsätt några meningar till.

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