

Why Banks Must Implement Centralized Billing Systems

Anita K, General Manager, SunTec Business Solutions

Libin Alexander, Architect, SunTec Business Solutions

Sreejith R S, Analyst, SunTec Business Solutions

The 21st century banking customer expects on demand access to products and services, a seamless experience across touchpoints, and hyper personalized offerings and engagement. Business growth and customer satisfaction in this context depends largely on understanding customer requirements and behavior. Unfortunately, across most traditional banks, different business lines still work with individual legacy systems. As a result, the bank cannot gain a comprehensive overview of performance. And customers are left grappling with a fragmented system that does not give them a unified view of their transactions and billing. Banks need a unified, advanced technology framework that can analyze data in real time and deliver usable insights for better strategizing. How can they scale up and improve their technology foundations to deliver a better customer experience and improve its functioning without disrupting business operations.

The Problem of Many

Most traditional banks today are operating with at least one obsolete and monolithic yet mission critical technology framework. These were built using programming languages that were in use at the time by in house teams, and they were probably the best solutions for the bank's needs at that point. As time went on different departments and functions added on their own technology platforms creating a complex highly fragmented infrastructure that was just patched up when problems popped up.

Banks need a unified view of the customer for better segmentation and understanding of their requirements, and customers too want a seamless view of their banking details. For example, no customer wants to receive four different statements with four different due dates across four different verticals from the same bank. But highly fragmented legacy billing systems cannot deliver on this requirement. They cannot support unified billing, effective data analysis and designing bundles and offers based on same. Evidently, billing systems need to be centralized.

The Business Case for Centralizing Billing

Banks must centralize their billing systems to both increase their operational efficiency and offerings and to deliver the unified, seamless experience that customers want. With a centralized billing system, banks can aggregate all data on a customer from across verticals and touchpoints. This will help in not only better understanding their behavior and requirements but also in better segmentation. With this information in hand banks can create more personalized products and services, relevant bundling offers and sharper engagement models.

Centralized billing will help relationship managers to analyze the overall transactional behavior of their customers to better advise them. For example, if a customer with an existing savings account applies for a loan, the relationship officer can immediately tell them that they would get better rate by routing their salary to the savings account for the duration of the loan. Banks can leverage data pertaining to customers' asset management behavior to launch new investment products.

A centralized billing system can identify revenue leaks quickly to facilitate immediate redressal and even help improve customer dispute management and resolution. From the customer perspective, a centralized billing system will make banking easy, seamless and hassle free. With a fragmented billing system, a customer with a savings account and an investment account would have to deal with different billing cycles and different payment dates. Without an auto pay feature, they would have to keep track of two different due dates and missing them would lead to additional charges. A centralized billing system would free them from this by allowing them to coordinate the charges to a single pay-by-day. They would get a single invoice for all payments across verticals making it easier to track, and even dispute. They can opt for paper less invoices and choose to hold disputed charges while paying the rest. In short, a centralized billing system will empower the customer with more clarity on their transactions, payments, and charges.

How Banks can Move to a Centralized Billing System

Building a common billing system that incorporates all the different business lines of a bank is no mean feat. It is incredibly complex, expensive, time consuming and inherently risky. It is not something that can be done in a day and requires careful planning to identify a future roadmap for the bank. An agile system that can handle all billing requirements across business lines is a significant advantage for a bank. This includes core competencies they want to scale up, new vision for a digital uberized world, new capabilities, and overall direction they want to move the bank in. The bank must also identify priority action areas like relationship-based pricing, unified view of pricing and billing, bundling, segmentation, addressing revenue leakages and hyper personalization. Also important is the platforms agility and scalability to roll out products, services, and functionalities in response to changing customer demands or market requirements.

Of course, given the complexity involved, banks may find it challenging to implement it inhouse. A better idea is to work with third party vendors who have the expertise and experience in deploying an agile centralized billing system over the legacy core which then hosts advanced technologies like Artificial Intelligence and Machine

Learning. Banks could also choose to partner with fintechs and use their technology prowess to modernize legacy systems. They should work with third party organizations that are experienced in identifying gaps in existing infrastructure and can help the bank design innovative solutions. Moving all billing to a single system will result in a significant increase in data volume, and the vendor system must be capable of processing this without impacting other operations. And through the transformation journey, banks must ensure that customers are not inconvenienced in any way. They must also keep their customers informed about all changes to avoid any confusion. Systems.

A centralized billing system helps bank improve revenue management. It empowers the bank with better governance, risk management, and customer insights and offers a simpler and more convenient way of tracking and managing multiple invoices. Customers will receive one consolidated bill instead of multiple ones which will help them manage payments more efficiently and avoid late payments and penalties. They can also track and view different electronic bills from different accounts on one centralized system. This will help them understand and manage their spending habits better. Most importantly, their behavior will be better understood by the bank for more relevant engagement and they will get a holistic view of their banking spends. Banks can not only get a unified view of customer behaviour they can also be assured of timely payments as customers will no longer lose track of multiple bills.