

Modernizing Billing and Pricing for a 150-year-old Banking Behemoth



After more than a century of leading the European banking sector, this banking institution had been on their digital transformation trajectory for a while. But their legacy pricing systems made it difficult to implement personalized and variable pricing models. SunTec helped this venerable bank consolidate and modernize pricing and billing systems to improve efficiency and explore innovative growth opportunities.

Hyper-personalization in banking is now considered crucial for long-term business growth, profitability, and customer satisfaction. But it is not restricted to just offers and bundles. The modern customer also expects hyper-personalized pricing. Variable pricing offers based on customer behaviour delivers a better experience for them and greater profitability and revenues for the bank. A value-based, personalized pricing strategy can increase annual net interest income by USD 600,000* with a 20 bps increase in near term net interest margin on new balances. Every bank is looking to move to value based, personalized pricing models. But the only thing standing in their way is their legacy infrastructures that cannot support the advanced technology required to implement variable pricing strategies.

One of oldest banks in Europe has operations spread over 67 countries and supports 31 million customers daily. With a vision to innovate for the future, the bank kickstarted its digital transformation journey in 2017. While improving operational efficiencies was a key objective, the bank wanted to explore new growth opportunities. After a few years, the bank decided to upgrade and completely overhaul their billing and pricing system to consolidate and centralize product catalogs and ensure efficient and seamless deal creation and management.

After almost two centuries of undisputed industry leadership, this reputed bank certainly enjoyed significant customer trust. But trust is not enough to thrive in the new digital economy. The bank was keen to digitally transform their billing and pricing systems for better efficiency and customer delight.

The Quest for Personalized Efficiency

Despite significant progress made on their digital transformation journey, the bank was still working with some inflexible and rigid systems that made it difficult to define parameters. They had product-centric pricing models and the charging mechanisms were fragmented across multiple systems. As a result of this, the bank was not able to make any headway on hyper-personalizing their pricing strategy or optimizing billing processes. They wanted to eliminate manual operations, plug revenue leakage, and reduce client disputes. Above all, the bank wanted to ensure customer satisfaction and retention with high service quality, personalization, and invoicing transparency. Improving deal management with simulation of new deals, increasing revenues and effective revenue analysis were also high on their priority list.

The Xelerate Advantage

The bank chose to work with SunTec to deploy SunTec's billing and pricing module that is tailor-made for interbank and international transactions. By merging two billing systems into one, Xelerate enabled easy proposal design, product bundling charge and rebate calculation, invoice management and dispute resolution. The bank was able to gain visibility across their entire product portfolio to create personalized bundles and offerings. They could manage customer relationships more efficiently and roll out relationship-based pricing and enterprise billing models. They could carry out real-time commitment tracking for informed decision making and monitoring offer performance. Not only did it simplify and improve deal management processes, Xelerate also helped the bank deploy multi-lingual product catalogs and easy integration with MT messages/SWIFT Network.

SunTec Xelerate helped the bank:



Reduce costs by centralizing and simplifying operations



Stop revenue leakage



Gain a 360-degree view of the customer to create sharply personalized pricing offers

Xelerate was able to integrate and simplify the bank's billing and pricing platform to deliver better customer experience, personalization, and cross selling of products. Timely billing and cash backs ensured that customers were satisfied with the service received. And a comprehensive view of the customer's engagement across the network helped the bank make informed decisions regarding pricing and bundles. It detected and rectified revenue leakage, enhanced operational efficiency and reduced manual intervention. The new system improved billing efficiency and revenue management by ensuring timely and accurate invoicing of correspondent banking transactions and accurate computation of volume discounts and the cashback amounts. It helped reduce outstanding collections through system-driven tracking and reporting. It also established a reporting mechanism to flag significant variations in transaction throughput by correspondent banks. Regular MIS reports provided insights about performance of different currencies, products, and correspondent banks.

Winds of change are blowing across the banking sector at speeds previously unheard of. Traditional banks have no choice but to adapt to new market demands and modernize. Transforming legacy infrastructure is not only expensive but also time consuming and inherently risky. Choosing to partner with a third-party vendor like SunTec can help deliver a modernized platform without the inherent time, cost and risks associated with a core transformation initiative. Today, the bank is poised to capitalize on the new opportunities emerging in the sector and deliver a superlative customer experience.

* Source: www.accenture.com/in-en/insights/banking/optimizing-bank-pricing-eight-keys