

8 Must Have Features of a Robust Revenue Management Solution

The banking and financial services sector has been going through intense disruption over the last decade. The 21st century customer expects hyper-personalized, seamless, on-demand banking services and products, and is not afraid to try new entrants in the market if their needs aren't met. And digital native fintechs are ready to step into the fray with their innovative offerings and uberized service models. For traditional banks and financial institutions, the writing is on the wall – comprehensively transform strategies and operations to customer-centric models or be forced out of your industry leadership position. As banks focus on creating new offerings, capturing new revenue streams, and optimizing digital channels, it also becomes important to manage risk, maximize operational agility, and ensure margin controls. You cannot achieve all of this without automated comprehensive [revenue management solutions](#) in place. 75 percent of transactional operations and almost 40 percent of strategic functions can be automated to drive better efficiency.

But modernizing your legacy banking cores is not without substantial risk. So, most banks choose to work with third-party vendors who offer powerful middle layer solutions that sit over the core and help transform [pricing and revenue management](#). The question is, how can you choose the best revenue management platform for your needs and what are some of the must-have features you must look out for? Here are the 8 top features that a robust revenue management solution must offer any bank looking to move to modernized customer-centric strategies.

1. 360-degree View of Customers and Intelligent Insights

The customer lies at the heart of modern banking. Yet most banks do not have a comprehensive and detailed understanding of their behavior, needs, and wants. Information silos across the enterprise hold it back from implementing better customer segmentation and from analyzing behavior. The challenge lies in consolidating data across multiple branches, departments, systems and even storage formats. You need to invest in pricing platforms that can cut across data silos to present a consolidated view of customer engagement. You must also be able derive intelligent and actionable insights from the data. A powerful analytics engine can help devise hyper personalized strategies, better relationship-based banking strategies, understand customer trends, and implement better loyalty programs.

2. Localization Support

Globalization is an integral part of business today with most banks operating across multiple countries. Customers too want to deal with a single bank with regional operations. You need a robust pricing system that can work across multiple currencies, be able to retrieve currency value in real-time to being able to charge transactions. A revenue management system capable of localizing services across geographies can have a significant impact on your revenue streams and is a critical part of your expansion plans. For example, one of the main reasons behind Target Corporation's failed expansion in Canada was the absence of a robust pricing system that could handle currency conversions effectively.

3. Handling Complex Pricing Decisions

In the modern banking sector, differentiated and variable pricing strategies hold the key to long-term success. In fact, a 10 percent improvement in pricing can improve profits by 25 percent.² You must invest in a pricing platform that can handle complex pricing strategies such as multi-tiered pricing, multi-product pricing, hierarchical pricing. It must be able to automatically detect changes in customer lifecycle or commitment levels and reprise transactions based on established rules. And it must allow key personnel like relationship managers to tweak standard prices to offer [hyper-personalized](#) pricing for customers. The platform must be able to optimize prices to ensure profitability, and it must be centralized and be accessible to key personnel across departments.

4. Accurate and Quick Go to Market

The modern customer is spoiled for choices and banks must move quickly to offer innovative and personalized new services and products to engage them in a long and mutually rewarding relationship. Unfortunately, manual processes and absence of set rules can slow you down considerably. Automated pricing systems with easily configurable business rules and process workflows are an essential and integral part of 21st century banking.

5. Platform Agnostic and Scalable

The technology stack in use at a bank is usually highly fragmented and heterogenous with multiple hardware and software solutions deployed at different points of time. A robust revenue management platform must be able to retrieve and process data from across platforms and databases to ensure that diverse products are accurately priced and billed. Without an automated platform, you will have to rely on error-prone, time-consuming manual efforts that can lead to revenue leakage. A technology and platform-agnostic pricing solution can form an orchestration layer between all the systems in play. As you grow your operations, and digital channels continue to evolve and grow, a good revenue management platform must be able to aggregate and

analyze increasing volumes of data from diverse sources in real-time. And it must be able to do this while ensuring agility and uninterrupted service to customers.

6. Regulatory Compliance

Given the sensitive and critical nature of the banking business, and the highly complex risk environment, banks must ensure complete compliance with rapidly changing regulatory frameworks. Banks must also keep track and comply with local regulations across every region they operate in. As you strive for greater innovation, personalization, and customer-centric relationship-based banking models, you must ensure strict compliance with every applicable regulation as the consequences of non-compliance are severe. Any pricing system deployed must comply with regulations and ensure that pricing strategies are also compliant. Pricing systems that have compliance mechanisms built in are a smarter way to go than trying to integrate compliance tools later.

7. Multiple Implementation Models

Different banks have different levels of investment and varying profitability levels. And strategies may also differ considerably, as may deployment models. A pricing platform must be flexible enough to meet varied requirements. From on-prem deployment vs cloud hosting, to different modules and features to be implemented, an effective pricing platform must offer [varied deployment models](#) and features to suit different risk and investment appetites.

8. Support Constant Innovation

The future of the banking sector lies in its ability to constantly innovate and come up with differentiated offerings and operating models for customers. Pricing innovation and effective revenue management are key to long-term customer engagement and competitive success. Banks must look to deploy pricing platforms that can leverage emerging technologies to come up with offerings that put it well ahead of competition. A flexible, scalable, and agile pricing platform can not only support constant innovation but also ensure quick implementation and foolproof revenue optimization.

Sources:

1 [McKinsey](#)

2 [Deloitte](#)