Digitally Transforming Account Analysis for an American Banking Leader

Modern banking is all about customization, transparency, revenue management, and quick turnaround time. Corporate customers expect customized solutions, not just in pricing of services but also in billing and invoicing. They expect invoices to be accurate, transparent, and easily comprehensible. Account analysis statements are critical tools for corporate clients as they provide a summary of the usage and cost of all treasury services for each account. Account analysis gives treasurers a monthly summary of balances, rates, prices, and volumes for every service. Many banks struggle to deliver error-free account analysis due to the number of product lines represented. Integration with multiple legacy systems often results in erroneous volumes and prices leading to customer frustration and loss of trust.

This regional American bank is one of the 10 largest banks in the country with more than $155B in assets and more than two million customers. It is one of the leading players in the US banking economy in terms of deposits, mortgages, and home equity lines of credit. Like most traditional banks, this bank too needed to modernize their legacy systems to keep up with changing customer expectations and market demands. They needed a robust and dynamic relationship-based pricing and billing system for their corporate and small business clients.

The Challenge of Siloed Legacy Infrastructure

Deployed several decades ago, the bank's IT infrastructure was old and incapable of delivering the comprehensive account analysis needed to meet new customer demands. The system was built "one good idea at a time" over decades making it inflexible and difficult to change. Existing pricing capabilities were locked within siloed applications. It was not aware of customer relationships– it lacked the functionalities to analyze customer data and behavior to implement relationship-based pricing models. Product and business line silos made it difficult to gain a comprehensive view of customer activity or behavior. There was no scope for personalizing pricing strategies based on customer value because pricing was set at product level and geography. With time, the financial market became increasingly challenging, necessitating innovative strategies. But the bank was unable to expand their growth footprint as they could only capture a small share of customer wallet. Declining net interest margins and traditional offerings with sub-optimized relationship values added to their challenges.

Key business criteria for the transformation effort included:

- **Customer management:** Flexible customer hierarchies & customer prospecting for new business development.
- **Pricing:** Systemic pricing, product bundling, personalized pricing, cross-product discounting etc. Cost capture for profitability analysis & pricing.
- **Billing**: Ad hoc fees, accruals, positive and negative adjustments, receivables management & electronic bill presentment and support for modern statement formats.
- **Analytics:** What if modelling, trend analysis, reporting (customer management, product, profitability & revenues).

Accelerating Transformation

The bank had significant volumes of data that needed to be processed. They required a robust solution that could meet the business requirements and SLAs of the bank. They chose to work with SunTec's cutting-edge revenue management solution, on the SunTec Xelerate platform as it offered them the easy scalability, flexibility, compute power they needed to transform their operations. In addition to SunTec Xelerate's basic capabilities like workflows & authorizations, operational controls & monitoring and multi-level (customer, product, and transaction levels), analytics & reporting, the bank deployed two core functional capabilities:

SunTec Relationship-Based Pricing Management - The bank leveraged the relationship banking module to charge their customers based on parameters including transaction type, location, volume, customer segment, product packages, cross-product discounting, etc.

SunTec Enterprise Billing & Statements -This module supported the high volumes of bills that were generated, including invoices, account analysis and other statements. It also interfaced with core banking systems for GL posting and managed receivables in real- time in addition to supporting periodic charges and ad hoc fees across multiple customer hierarchies.

Accurate Comprehensive Revenue Management and Account Analysis

With SunTec Xelerate, the bank was able to quickly consolidate disparate billing systems into one and roll out an effective relationship-based pricing strategy. They introduced flexible pricing plans and packages and quickly increased their share of customer wallet. The platform eliminated manual intervention and helped automate critical processes and systems ensuring higher accuracy and reducing maintenance cost and time. It also helped optimize revenue streams by plugging revenue leakage.

With SunTec Xelerate, the bank was able to

- **Plug more than USD 10 million in revenue leakage**
- **Add up to USD 500,000 annually with pricing flexibility**
- **Increased revenue by USD 200,000 by applying tiered pricing to just one service**