

WHITE PAPER

# Improving client service and driving operational efficiency in transaction banking: opposing agendas or one and the same?

**P**lanning, executing and monitoring financial transactions present challenges for corporate treasurers on a daily basis. Not least are the multiple banks, accounts and portals they have to juggle; the lack of common standards across the different banks and systems; and the array of regulations they need to cover off across borders. New research of corporates around the globe, commissioned by CGI, tells us that although basic bank services are satisfactory, rationalised access (via a single token login) and a multi-bank portal to bank services are high on corporates' wish lists.

Banks have been spending a lot in recent years on refocusing their transaction banking operations in a bid to win and retain quality new business. But where has this money ended up? By and large the focus has been on simplifying products and better front end coverage and access. The message hits home that customer service is essential to success. However, the research is telling us all is not well.

In the CGI survey, over 30% of the 351 corporates questioned said they maintained more than 150 bank accounts over multiple portals with multiple logins. Little wonder that 60% of the same audience place high importance on technology when selecting a bank. No doubt it is partly in the hope that it will help simplify their own processes as they centralise and streamline treasury activities. But while satisfied with some aspects, they

are less so with others. So what can be done to take the next leap in delivering a better and differentiated customer experience?

The next stage for transaction banking lies in improving the integration of back end processes. Most of these are supported by independent business applications which do not share customer data and effectively compete with each other to deliver services. Banks are assuming that corporates are satisfied with transacting and tracking one product or even one bank at a time. At the same time the expense of maintaining fragmented and replicated legacy applications is becoming commercially prohibitive for some banks. A more integrated approach is needed to yield the significant cost savings available for banks. Yet, from a customer standpoint, banks also need to structure their service offerings to align with the customer business context at the point of the transaction.

### **TRANSFORMATIONAL APPROACH**

Service and efficiency are both key elements of the design. Rather than considering what can be further automated in the back end bank processes, let's look at the commonalities between the current bank products. By focusing on commonalities that can be re-used across services, banks can realise immediate improvements in usability and consistency of service. This changes the focus of the challenge. It switches from process automation to alignment of services with customer business activity and needs. Freedom to achieve this can be provided through architectural layering.

By 'fixing' the presentation and integration of banks' back end processes with a focus on commonalities and layering; when a client wants a new service model or a bank wants to innovate, wholesale disruption or displacement of existing processes can be avoided. Reusable capabilities can be combined, extended or augmented to provide new solutions to make the most out of existing investments. This reduces additional costs, inefficiencies and fragmentation of implementing isolated point solutions.

Similarly, if a client wants to review all transactions across products with the bank, these can all be brought together in the same bank portal. Implementing a single portal which integrates various transaction banking functions would harmonise processes for the customer and result in an improved client service – chosen and customised by the client.. A common portal enables the exploitation of a mix of specialist banking applications, with integration achieved in the delivery layer and the service portal.

### **A COMMON CORPORATE PORTAL**

Radically, the CGI survey also points to the desire to move to multi-bank portal (one portal providing shared access to multiple banks). Right now, the majority are looking for single sign on for each bank to access all services with richer analytics and forecasting. Siloed transaction services are no longer enough to satisfy the customer in a competitive market.

An "all in one bank" solution has been tried in the past, but such solutions are typically problematic. This is due to the fact that the incorporated functions tend not to be best of breed services, and fail to satisfy the businesses which need to be competitive. What's more, adding extra functionality to a closed inward facing product can be an extremely costly process for the bank in terms of the time and resources required to carry out a major implementation. So how to solve service integration? An alternative option for the future of transaction banking that improves speed to market and avoids up front capital expenditure is a software-as-a-service (SaaS) hosted common portal for corporate clients.

CGI's commissioned research shows that one in three corporates would consider using a SaaS model if it provided speed to market and reduced ownership costs.

## **BENEFITS FOR BANKS**

Benefits of a hosted service include ensuring there is enough flexibility in the system to retain best of breed products in all lines. A SaaS transaction banking portal is also a good way for banks to cut their costs in this area even further and free up more resource for them to concentrate on their core business.

The bank benefits of implementing an integrated corporate client portal include greater cost effectiveness and improved reliability as fewer errors are generated by replicated customer data and overlaps in technology or service. Additionally, in a climate where many corporates are looking to cut the complexity and costs of transaction banking, banks will find that cross-selling services is much easier when operating a single customer portal where a selection of services can be offered. Improved customer service times and an optimised user experience should also result in higher rates of customer retention.

## **GETTING AN EDGE**

In order for banks to get ahead of the competition by ensuring they continue to win and retain transaction banking clients, they must re-think their strategies and ensure the customer remains at the heart of it all. This customer centric approach must go beyond merely providing a slick user interface for customers. As a result, banks should look to implement streamlined systems that maintain a complete and consistent view of customer data, while simultaneously smoothing out any bumps in the customer's transaction banking experience.

The corporate customer vision is a common multi-bank portal that delivers a seamless customer experience. It may be some way off. The outlined approach is a first step though to that vision. Importantly, it will help banks to tackle the back end and get costs down. The integrated, customer-centric approach will also allow a focus on innovation and better customer experience. All of these are solid steps to being able to demonstrate good returns and a strategic technological approach to the future.

## **CGI'S STRATEGY FOR SUCCESS**

- Banks will need to retain a mix of 'best of breed' business services
- It's essential to establish a common portal for client access to simplify access and ensure consistent customer service
- Banks should integrate services by:
  - Establishing structures to share common client data and configuration choices
  - Establishing a 'single view' information service so they have a holistic view of customer data
  - Maintaining standard interfaces between functions to enable a flexible mix of service provision
- Technology costs can be cut by providing a SaaS corporate portal service model

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