

# PERSPECTIVE

## Corporate Relationship Management – A Perspective



KYC or 'Know Your Customer has more than one connotation to it. The obvious connotation is from the regulatory viewpoint. The other dimension of KYC refers to knowing your corporate clients in order to design the right solutions for them, which in turn creates stronger business relationships. To the bank, it means supplementary business opportunities and better service, and to the customer, it means better business support and value for money.

It takes a seasoned relationship manager to achieve the above. He must have spent some quality time in the field to get a grasp of different businesses and comprehend the associated transaction patterns.

However, the road is getting steeper gradually. On one hand, clients have started demanding more than ever before. With tolerance levels going down and financial needs becoming more complex, relationship managers face an uphill task to meet their commitments. On the other, increased focus on risk management and compliance has forced the managers to monitor the business activities carefully. Timely compliance of covenants, regularization of adhoc overdraft arrangements and adherence to policies among other, are being monitored by audit, risk and compliance groups to make sure that prudent credit management policies are adhered to.

The Relationship Manager is the face of the bank and is usually the single point of contact for the client. Relationship managers adopt various techniques for managing leads, reminders, follow-up activities and compliance. It can be the diary system, that managers would follow traditionally, where they would record their "things to do for the day" in a diary. Some tech savvy managers use spread sheets or other tools for reminders and follow-ups. However, the fact is that because of low volumes in corporate banking segment, most CRM vendors have largely neglected the needs of corporate banking relationship managers. Some large banks have understood their requirements and have got bespoke solutions for themselves; some others have attempted to use the systems designed for retail banking segment as a workaround.

Corporate banking is a separate segment in all banks and it usually contributes a major chunk of bank's top and bottom line. It is an information and knowledge intensive business which deals with large volume of funds. Comprehensive and accurate information on the company, promoters, industry, demographics and economic scenario should be available in timely fashion to enable business managers to make winning deals. Thus, relationship management in corporate banking requires focused attention from banks and CRM vendors. The requirements can emanate during any of the business activities in customer acquisition, management and retention life cycle event.

The areas where technology can play a role are discussed further below:

**Deals / pipeline management:** Corporate banking is a client driven business where usually bargaining power of the customer is higher. The relationship manager would like to maintain a list of prospects. He would also want to track the business activity, promoter details, etc. which can assist him in pursuing the prospect. An updated record of status of the deal would assist the manager to estimate the timelines for understanding and reporting perspective. It would also be useful, if the manager can import details from external systems to enhance his understanding of the prospect.

**Interaction management:** Relationship management is not a desk job. It requires the managers to be on the field or on phone for most of the time. It can be for a discussion with the prospect, fulfilling the needs of an existing client, pacifying an irate customer or for a general meeting to stay updated with client's financial health. A seasoned relationship manager understands that every dialogue can lead to a potential business opportunity. This requires an efficient interaction management capability, which allows the manager to record the information so that it can be processed to meet business or compliance requirements. This also brings transparency to the relationship management process across the bank. The system should allow logical storage of data, so that it can be easily accessed, understood and

utilized by various stakeholders in the organization.

**Compliance management:** As stated earlier, compliance with credit policy is one of the deliverables of a relationship manager. He needs to ensure that all covenants are being complied on time, and if not, then required approvals are taken for them. The manager needs to track the account due for review / renewals and act accordingly to ensure conformity. This requires the system to alert the manager about due dates to enable him to follow-up. Sometimes the managers assign the follow-up activities to their associates. However, they would like to track the same for completion. This would include referrals to various departments in the bank who have associated business relationship with the client. Considering mobility a job requirement, alerts by way of email or SMS would surely be a desirable business need. An escalation matrix, workflow definition and exception reporting would certainly help the relationship manager and supervising groups to route the event and track non-conformity.

**360-degree view:** A holistic view of client's data, both financial and non-financial, which can provide exhaustive information, can save some valuable time and prove to be critical in decision making. The information should be available for contacts made, interactions, applications / requests under process, customer documents, accounts, exposures et al. It should take inputs from various sub-systems and display information in a structured and logical manner.

**Sales and strategy planner:** Managers usually stretch hard to meet their business / revenue targets. Monitoring performance against their mark can help them to deal with the situation appropriately. The system should provide details of target, target completion, profitability figures at customer, account, industry and group level. This would help the managers to concentrate on profitable clients and thus improving productivity.

**Customer electronic file:** Searching for a document from a heap of customer files is the worst possible nightmare of any manager. Relationship managers will tell you about the

discomfort in seeking a duplicate document from the client. This not only indicates inefficiency in the system, but also impacts the turnaround time in resolving customer queries. Furthermore, it hampers sharing of information across departments located in various geographies. Central electronic document storage can reduce these concerns to a large extent. Logical grouping of documents should be possible based on security (collateral), account etc., which in turn should be tagged to a customer record. This also flows very well with the idea of having customer as starting point for all activities.

**Relationship manager dashboard:** This is a single point view of all that the manager needs to see. The relationship manager is always on the move and thus he can not spare time to visit each module and filter the required information. This multi-dimensional activity dashboard allows the manager to schedule, act and track all pending tasks from a single place. It will have details of all pending tasks, call reports, target figures, prospect details, exception reports etc. It should be configurable to allow various permutations, as needed.

All of the above requires the system to have strong and configurable workflow capability, so that requests can be routed to various users of multiple departments, spanning across geographies.

Client confidentiality and data sensitivity are of prime importance in corporate banking. Systems should have exhaustive access control features to ensure that banks can implement business centric privacy policies effectively.

### **Corporate Relationship Management – A Perspective**

For quite some time now, corporate banking relationship managers have been deprived of much needed automated tools, some of which are already available to their retail counterparts. It's now, that an unprecedented need is felt for customer related management solution for hitherto neglected low-volume but high value corporate banking segment. This technology-led transformation has all the potential to rejuvenate

the corporate banking experience for both the bank and their customers and hence, create lasting partnerships.

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