

# Revenue Management and Business Assurance:

Critical Performance Drivers in a Changing Environment

WHITEPAPER



# Introduction

In a tough business climate of ever-evolving challenges, increasing customer value is key not only to growth, but to survival.

For financial services firms, greater customer-centricity means creating innovative products and pricing strategies, capturing new revenue streams and optimising digital channels – all the while proactively managing risk, maximising operational agility and instituting margin controls.

These can all be achieved through the adoption of a comprehensive revenue management and business assurance solution. Managing revenue and risks, however, should be viewed not as a mere tactical operation.

Banks and financial institutions should recognise the strategic relevance of revenue management and business assurance to increasing enterprise profitability, promoting sustainability and meeting the challenges of a demanding business environment.





# Executive Summary

Convergence, digitisation and the importance of real-time are creating a profoundly challenging and highly competitive business environment for financial services firms. The rapid pace of disruptive new developments presents numerous growth opportunities for banks and financial institutions but also can pose unexpected risks and drive unintended complexity if the necessary investments in talent, organisational operational model design and technological infrastructure are delayed.

Maximising business value in this changing climate demands adopting a proactive outlook to growth as well as intensive strategic engagement. Strategic revenue management and business assurance offer a comprehensive and highly rewarding approach to business transformation.

Banks and financial institutions achieve greater customer-centricity through innovative and personalised pricing strategies and the comprehensive management of the entire value network while optimising performance, increasing profitability, sustaining growth and managing risk

## Meeting The Challenges of a Changed Environment

Financial institutions are navigating through three business trends critically impacting their organisational and strategic performance.

Convergence provides unprecedented synergies among business domains, presenting new transactional models for financial services providers to increase wallet share. Examples of the impact of convergence are everywhere – we see it, for instance, in technologies previously designed for high-speed phone network operations that are now commonly used as core features in banking infrastructure.

The continuous migration of all information to digital technologies (digitisation), meanwhile, produces disruptive business models that require swift and effective counter-strategies.

A broad and still accelerating consumer expectation for real-time responsiveness demands corresponding dedication to infrastructure transformation, transparency and quality of customer experience delivery.

These trends present financial institutions with a complex set of challenges calling for a comprehensive response. Agility, flexibility and transparency are needed to adapt to the changes arising from a rapidly convergent, digitized and real-time business environment:

- **Innovative Products.** The highly competitive environment and increasing consumer sophistication pushes industry players to constantly differentiate and innovate their product offerings and deliver them ever more quickly to market.
- **Digital Channels.** Financial services firms need to provide

transparent and real-time pricing to satisfy customers' expectations and avoid losing clients to innovative competitors. Clearly upgrading digital competencies is crucial in light of consumer use of social media and digital channels for comparative shopping.

- **Customer Experience.** An industry shift from product-to customer-centric strategies requires financial services providers to prioritise building customer relationships by retaining and engaging profitable customers and by constantly innovating rewards and loyalty programmes. Consolidating and analyzing previously siloed data to a customer level to build customer and segment insight and provide personalised offerings becomes

a key enabling process.

- **Liquidity Management.** Basel III and other country-specific regulatory compliance require banks to focus on liquidity, instituting risk-based pricing by reducing rates and providing value offerings for users and premium-rate bundles and relationship-based pricing for investors. Leveraging a precise understanding of deposit behaviour and rate sensitivity enables the development of strategies that support liquidity management.
- **Regulatory Scrutiny.** Previous loosely-enforced requirements to Know Your Customer have evolved into requirements that can only be fulfilled with real-time customer-level transaction and pricing tracing. The need for

transparency involves turning the vast amounts of data into reportable and understandable information – to regulators, management and customers. The benefits of extending transparency to meet regulatory needs extend to directly enhancing business assurance in many areas, especially margin control.

For financial institutions, the gains made from a focus on customer-centricity, undertaken through relationship-based pricing, should be followed through by the strategic adoption of comprehensive revenue management and business assurance processes designed to optimise business performance in an ever-evolving environment of convergence, digitisation and real-time expectations.



# What is Revenue Management and Business Assurance?

**Revenue management** is a holistic and strategic approach to product management and optimisation of revenue, profit and customer value.

Revenue management involves the accurate, timely and effective pricing of products and services and multi-channel delivery of pricing and billing experiences.

In our usage of the term, it encompasses a set of core business and system processes, from increasing wallet share through customer retention and loyalty programmes and product crossselling to the capturing of new revenue streams through quick rollout of new products.

It involves offering the right product, or bundle of products, at the right price, for the right customer, at the right time – all at an optimal profit margin delivered with comprehensive customer experience designed to build engagement and loyalty.

Likewise, it entails a comprehensive management of the entire value network within a partner ecosystem, providing flexible settlement structures to facilitate revenue sharing and transfer pricing, enabling the enterprise to determine the exact value contribution of partners.

Business leaders should consider shifting their current deployment of revenue management as a tactical, operational activity to a strategic

initiative that enables comprehensive customercentricity.

Likewise, business executives should gain a new appreciation of business assurance as a critical component of sustainability, growth and performance. Effective business assurance in the context of revenue management facilitates enterprise-wide risk management by offering a comprehensive view of customer and product profitability and potential and actual risks while addressing revenue leakage.

Business assurance is the set of systems and procedures implemented to ensure that business processes, organisation structure, controls and information systems related to revenue management work together to manage risks, eliminate revenue leakage, maximise margins and deliver real-time business analytics necessary to meet regulatory and business objectives.

**Business assurance** also enables operational optimisation and agility, leading to automation of business processes, quick, informed decision-making at all organisational levels, and smooth integration of internal and external systems. Further, it ensures privacy and security, two critical and growing customer concerns in the digital age.

It also institutes margin controls by providing options to set threshold price to maintain margins.

## A Comprehensive Solution For Financial Services

Comprehensive and customer-centric revenue management and business assurance provide an end-to-end solution for financial services providers to maximise opportunities and manage risks.

In the new business environment, this entails optimising customer-centric strategies through real-time personalised product offerings, real-time customer experience management and real-time analytics-driven decision-making.

## Innovative pricing strategies and product bundles

An extremely competitive environment of fast-to-market product innovation requires real-time product offerings. With a comprehensive revenue management solution in place, banks can immediately offer personalised, innovative products that improve the customer experience.

In emerging economies where large deposits carry risk, for instance, discounts can be given on deposit fees for off-peak deposits. This rewards customers who transact at off-peak banking hours and



encourages off-peak traffic thereby reducing customer loss during staff-challenged peak demand hours.

Location-based discounts or service fees, for example, do not penalise customers with no choice but to transact with an ATM that is not bank-owned.

Another innovative product that can optimise customer relationships is offering savings accounts that help customers set financial goals, such as owning a home, buying a car, paying tuition. Automated “sweep” payments can be set up. Customers also can monitor their goal progress.

An innovative savings account product likewise can include a loyalty reward interest payout.

Interest rate discounts on loan products, can also be offered, based on a combined calculation of risk scores and history and breadth of product usage.

## Digital Channel Management

With customers’ increasing migration to digital channels, banks need to offer real-time pricing strategies to retain customers who may otherwise switch to lower-cost digital platforms. Expert channel management entails the ability to integrate a digital channel offer with branch and callcenter operations to eliminate redundancy should the digital offer be accepted. SunTec Business Solutions | Revenue Management and Business Assurance 6 Similarly, customers who qualify for multiple offers should be able to comparative shop for best pricing at the digital touch point.

Enhancing the self-serving components of digital channels also translates to better revenue management, such as displaying invoices or statements at a relationship level or enabling a customer to both view topline charges. Customers should be able to drill down into detailed transaction events to see how fees were charged and aggregated.

## Customer Experience

A holistic approach to revenue management and business assurance increases the key value of customer-centricity, thereby further enhancing customer experience.

## Liquidity Management

A comprehensive, end to end solution with real-time and predictive capabilities also supports better liquidity management by capturing key transaction events and aggregating them within customer and entity hierarchies.

Effective business assurance systems will be able to quickly track complex customer transactions (for example, a multi-region corporate customer transferring a significant new deposit into a brokerage account) and provide a more accurate assessment of the bank’s liquidity.

## Regulatory Scrutiny

A comprehensive solution enables faultless real-time customer relationship definitions required of absolute compliance to such

regulatory controls as anti-money laundering. Realtime data collection and analytics determines which transfers and deposits above \$10,000, for example, are allowed and which are subject to reporting and further scrutiny.

## Customised Solutions for Various Financial Services Segments

The different financial services segments require varying levels of these four integral elements of revenue management and business assurance. Corporate banks benefit from a focus on comprehensive revenue management. Corporate banks, as well as asset management services (including brokerage firms), and, to a certain extent, card and payment services, also require intensive real-time data collection, processing and analytics. Retail banking and asset management and brokerage services, meanwhile, are concentrated on the real-time product offering quadrant of revenue management and business assurance. Both retail banking and asset management and brokerage services have urgent needs addressed by real-time customer experience management.

# SunTec's Xelerate: Providing The Competitive Advantage for Financial Services

While financial services providers have a varying range of needs depending on the nature of their businesses, a comprehensive, end-to-end solution covering all aspects of revenue management and business assurance equips financial institutions with the capabilities to meet the demands of a highly convergent, digitised and real-time environment.

## Conclusion

Embracing a larger vision for the financial services industry, SunTec is anticipating the increased demands on banks and financial institutions by providing the next generation of business solutions – a comprehensive revenue management and business assurance suite, with real-time pricing and billing, real-time data collection, processing and analytics, real-time product offering and real-time customer experience management.



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## About SunTec

At SunTec Business Solutions, we help our clients increase the lifetime value of their customer relationships through effective revenue management and real-time customer experience orchestration. With a legacy of deployment in over 60 countries, SunTec is a trusted partner to some of the world's leading banks and digital and communication service providers. Headquartered in India, we have our offices in the USA, UK, Germany, UAE and Singapore.

With a team of highly skilled individuals and our innovative product development models, we help our clients remain at the forefront of cutting edge technology. A stable, mature and flexible product suite, Xelerate continues to develop with the market. With insights from our industry experts, a robust future-ready roadmap and seamless integration with any ecosystem, it is one of the most effective products to leverage.

For more information, please visit us at [www.suntecgroup.com](http://www.suntecgroup.com)

If you wish to explore further on how SunTec can help you achieve your revenue goals, please drop us a mail at [contactus@suntecgroup.com](mailto:contactus@suntecgroup.com) and we will get in touch with you

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