

Customer-Centricity: Delivering innovative solutions centered on customer journeys

WHITEPAPER



Introduction

The changing customer landscape challenges banks to refine their offerings around each customer with a high level of granularity, whilst transforming customer experience. But information silo across the organization immobilizes banks from offering a broad suite of products. The need of the hour is world-class 'always-on' customer insight processes to help the bank to understand what customers value and need and how to use structured and unstructured data to deliver customer-centered decisions and actions.



Customer centricity- The new mantra!

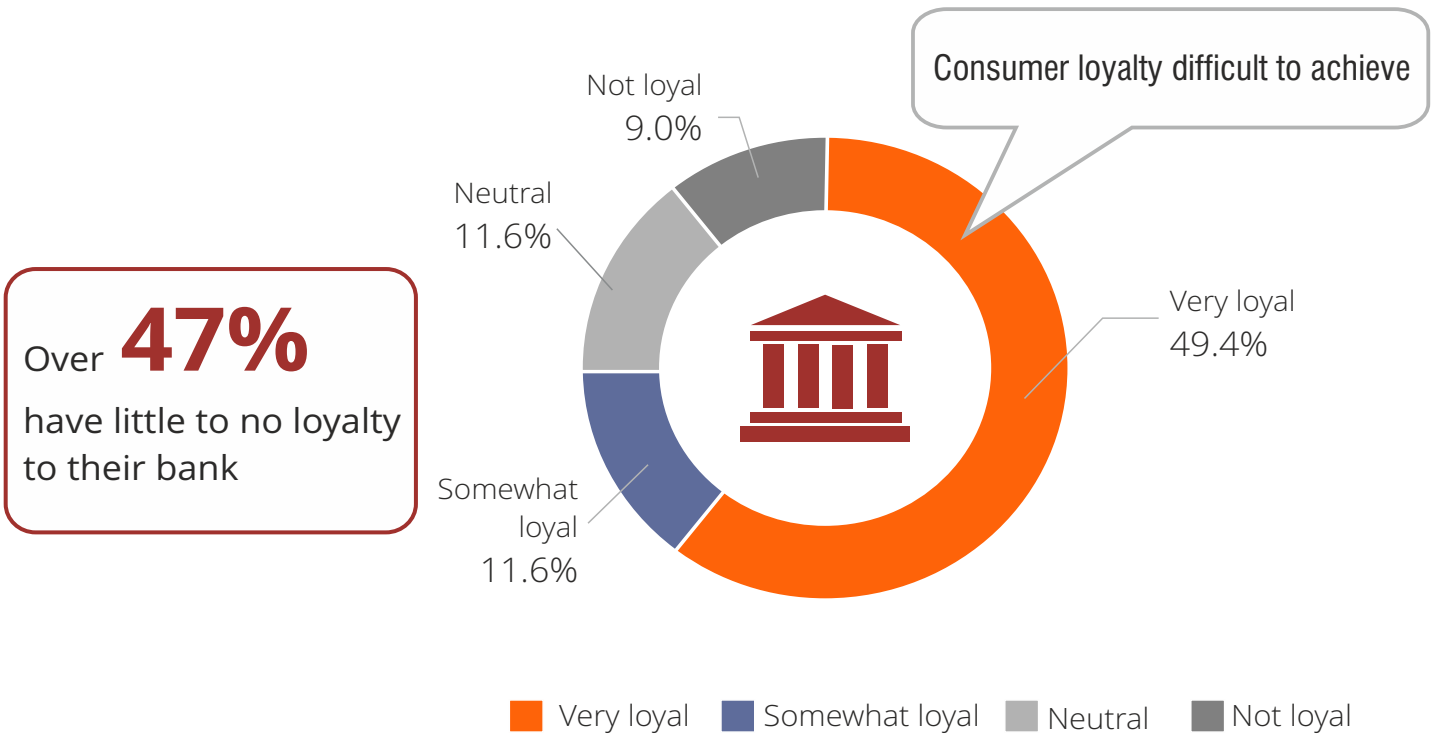
The banking industry has transformed from being product-centric to customer-centric. Customer preferences have changed, with digital channels taking more prominence as the preferred channel of interaction, when compared to physical branches. Customers today are more demanding and need a good reason to remain loyal to any particular bank. Their willingness to shift to a competing bank is very high when their requirements are

not met by the current bank. Clients, both retail and corporate, expect banks to offer them with personalized bundles, yet be preferentially priced for the services offered.

The competition landscape for banks is also getting crowded with both banking and non-banking financial services providers fighting for their share of pie in the market. With the start-up ecosystem gaining traction, a huge number of FinTech companies have popped up, and are aiming to garner market share by concentrating on specific loopholes in the financial services value chain. The "Retail Banking 2020" study by PwC has revealed that about 55% of banking executives perceive non-traditional players as a threat to

traditional banks.

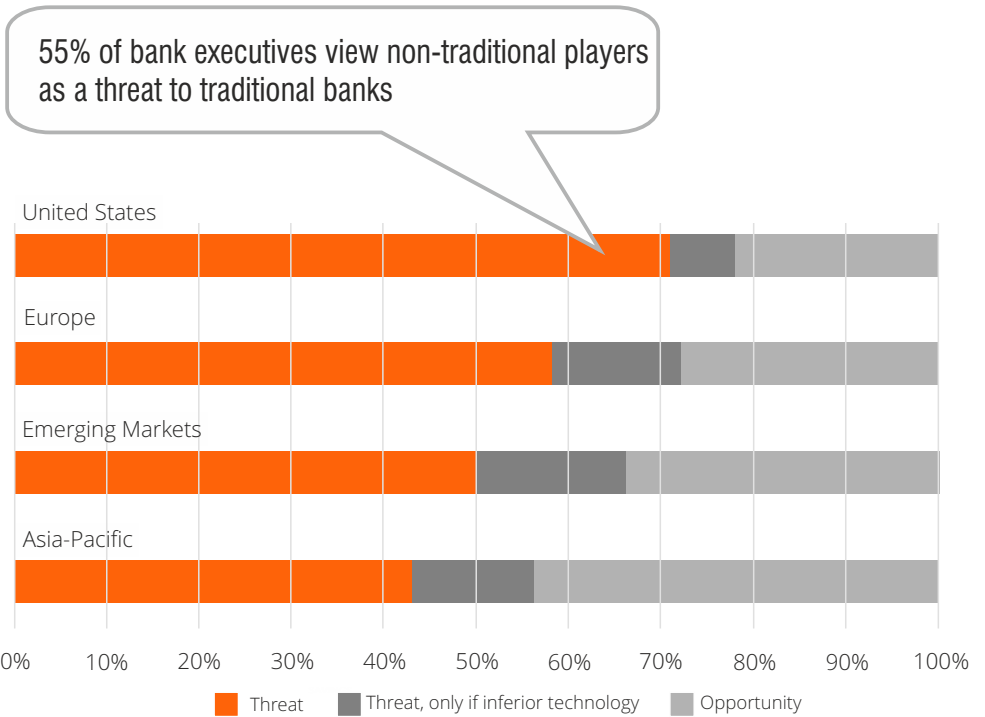
All these challenges necessitate banks to undergo a major transformation, in terms of customer experience, in order to improve the customer lifetime value. They have to equip themselves with providing the best personalized customer service, while at the same time ensure profitability of the bank. Additionally, banks also need to focus on their digitization efforts in order to service the customer from all possible channels and achieve the best customer experience orchestration at lightning speed.



Source: NGDATA © March 2015 The Financial Brand

Are banks doing enough to achieve transformation in the age of customer-centricity?

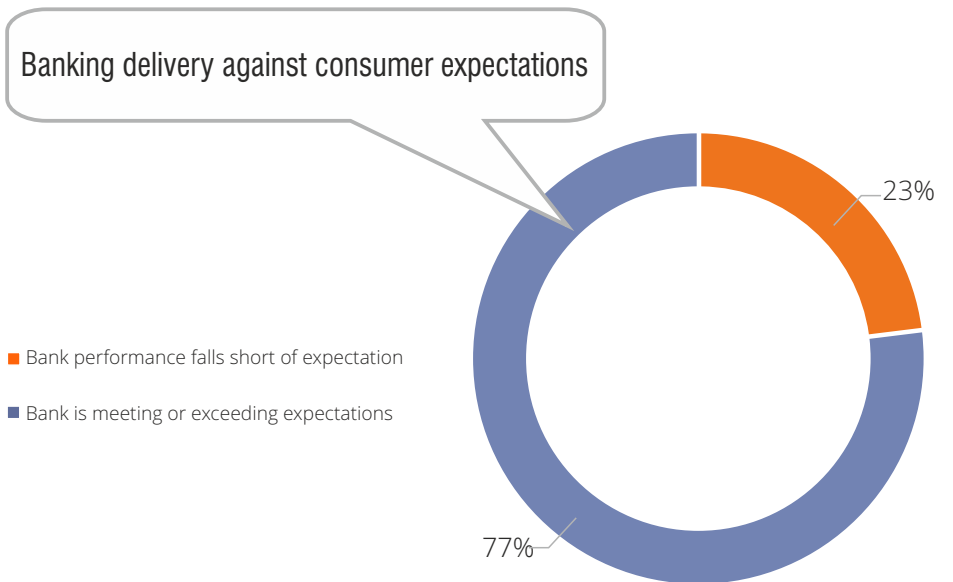
Banks understand that the only way out is to transform and are working hard to retain loyalty of their customers and market share. But, some key studies suggest that what banks are doing is not enough in order to achieve customer centricity. A recent study by Mysis and EFMA, involving about 185 banks, revealed that 48% think customer-centricity is an over-used term; and that many banks are just paying lip service to customer-service banking. The FIS PACE Index study reveals that over 77% of the banks are falling short of customer expectations. Therefore, there is a huge disconnect between the customers' expectations and what banks are able to offer them.



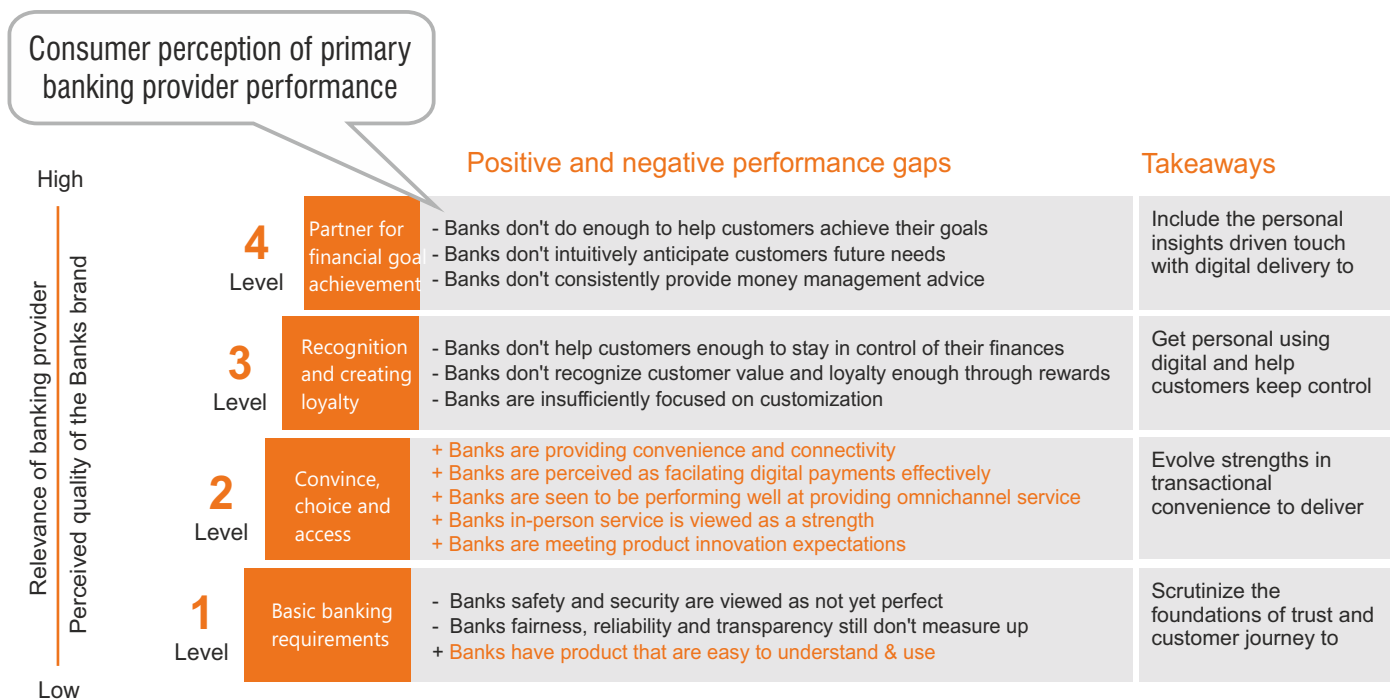
Source: PwC 'Retail Banking 2020' © December 2015 The Financial Brand

Inability of underlying systems- a major challenge for banks

Most banks cite the inability of their underlying systems and practices as a primary barrier for them in achieving customer centricity. The legacy systems are not in a position to handle large volumes of transactional data coming in from multiple customer touch points. They are not equipped to handle rule-based transaction workflows that can automate transactions and improve operational efficiency. Bankers have to make-do with non-STP processes and manual



Source: FIS PACE Study © May 2015 The Financial Brand



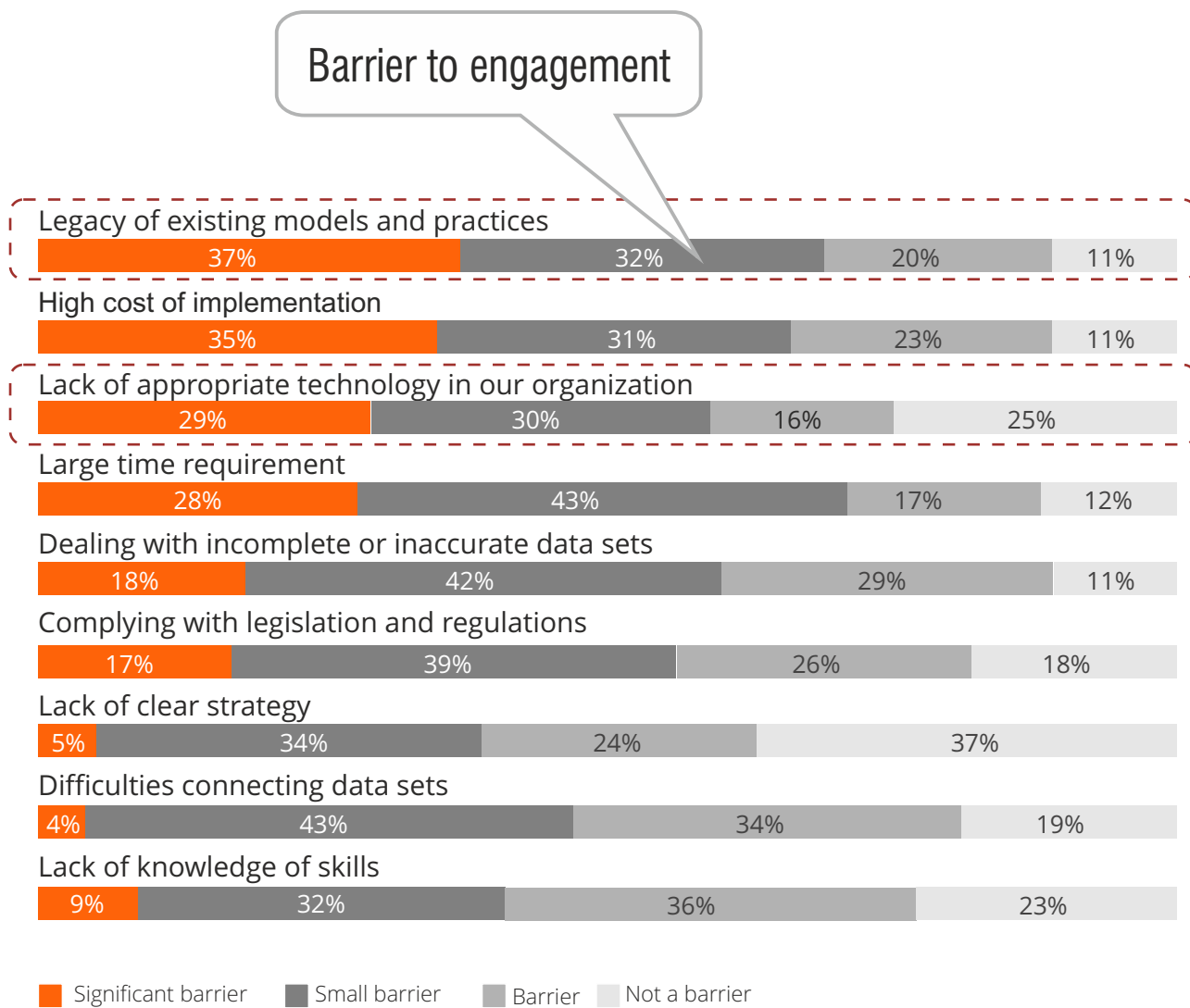
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invoicing. Apart from dated systems, information silos inhibit customer facing executives from accessing vital information like complete customer and relationship snapshot, or the products available across departments within the bank, for optimized bundling. Inability to handle complex hierarchical structures, especially in cases of multi-linked or multi-geographic enterprise accounts, and complex pricing frameworks inhibits crafting of personalized offers. Banks are also unable to derive meaningful insights and improve customer service from the huge amount of customer data that they possess.

A stable pricing and revenue management system can help achieve customer centricity

In order to create a seamless experience orchestration for customers and achieve market agility, banks must invest in a stable pricing and revenue management system, which has the capability to bridge the information silos from within and provide all personnel with the required information in a centralized way. It should enable product managers to assess performance of various product

combinations and launch the right offers for different segments of customers. They should be able to track the performance of these products and offers periodically to assess its attractiveness and usage in the market. Relationship managers and other customer-facing sales personnel must have the flexibility to provide preferential pricing to their customers in real-time. Also, customers should be able to view and verify the charges against any of their accounts across hierarchies in real-time. Therefore a flexible and robust pricing engine which can accommodate for multiple parameters is a necessity. Relationship based pricing is no more a luxury item – it has become a hygiene factor if banks want to survive in this industry



Source: Oracle © November 2015 The Financial Brand

Conclusion

In the era of ever-changing customer preferences, banks must focus on the customer as the focal point of their relationship in order to achieve loyalty and retention. Also, with the banking landscape playing host to a variety of Fintech companies, achieving higher customer satisfaction and increased revenue has become imperative. But, information and system silos are a major roadblock for banks in transforming customer experience. This leads to the inability on the bank's part to handle complex hierarchical structures and come up with innovative products and offers. The need of the hour is a robust pricing and revenue management system, which helps the banks achieve the next level of customer experience by bringing in agility and flexibility to create innovative and personalized offers in real-time. It should be future-ready, regulation compliant, and be able to add up to the year-on-year revenue and profitability of the banks. Therefore, a flexible and robust pricing engine which can accommodate for multiple parameters is a necessity. Relationship based pricing is no more a luxury item – it has become a hygiene factor if banks want to survive in this industry.



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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 45+ 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.

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