

A PASSION FOR SERVICING



THE ABILITY TO MAINTAIN AND KEEP UP WITH CLIENT NEEDS WILL DETERMINE THE SUCCESS OR SURVIVAL FOR INTERNATIONAL BANKS, SAYS **NADINE LAGARMITTE** OF BANK OF AMERICA.

In today's tough economic climate and highly competitive environment, servicing is the key criterion for individuals and global businesses, both to expand and to remain in business. In fact, statistics in the servicing industry show that the most successful companies are putting client satisfaction high up on the agenda, with the most successful scoring 92%. But how can this be achieved?

In this article we will examine how the financial industry is using a global servicing model and approach as a differentiating factor in obtaining, implementing, and maintaining working capital solutions. There are four basic issues financial institutions need to address in a global relationship to deliver world-class proactive client servicing:

- knowing the client is paramount – remember the client from one 'event' or transaction to the next, no matter what part of the selling organisation is engaged, is crucial;
- understand client needs – always ensure you are up to date on what the client needs or what their specific preferences are;
- maintain excellent communications – establish a reliable and multi-channelled way of communicating with clients; and
- service – aim to provide a service that, ultimately, will make your clients more profitable and successful in his or her own challenges and business.

The race to deliver the best for our clients will continue to accelerate. Companies must closely examine who their key clients are and their servicing expectations, and then dovetail these with their investment and strategic decisions.

Companies spend millions on upgrading their systems. But how much of these investments are focused on client satisfaction? This is the question our clients will start to challenge us on in the financial industry. Servicing is increasingly under the microscope at the boardroom level because executives know that the packaging of their service is key to organic growth and a vital factor to the addition of new client acquisition. Making effective competitive servicing strategies is simply a necessity for survival. Companies differentiate themselves through products, product and technology innovations, reputation, management, service and people, and

banking is no exception. Servicing a global client must successfully achieve these four objectives to inspire client loyalty over the years.

KNOW THE CLIENT

SERVICE LEVEL STANDARD. As a result of global competition in the market, banks are attempting to increase their market share by offering an overall superior service. Clients are looking to establish a one-stop banking partnership to service the whole spectrum of their banking requirements. To help ensure that their mutual relationship is successful, banks are making commitments to clients by agreeing terms and conditions, pricing and servicing through a service level standard (SLS).

From a client's perspective, these service level standards are a powerful tool. For instance, treasury centres are constantly looking at improving efficiencies, and their reconciliation requirements and streamlining of their operations will dictate their choice of banks. The benefit of an SLS is that banks are generally setting agreed expectations between both parties. It is also a measurement tool for both parties. The client knows what is expected of banks and vice versa.

UNDERSTAND CLIENT NEEDS

Key to a successful mutual relationship is an understanding of the client's business objectives, mission and current banking arrangements. Only after listening carefully to their clients can banks establish a clear treasury solution, making the appropriate recommendations for their working capital management needs. These include account information, payments, facilities for foreign exchange deals, investment and use of deposits and borrowing. As a global banking service provider, banks must be in a position to advise clients on maximising profitability and ensure that all appropriate control and security processes are in place.

PROVIDING AN ADVISORY SERVICE. Global clients require a complete consultative service from their banks. This should ideally involve a team of specialists, consisting of sales managers,

'CONSISTENCY AND SUCCESS IN ANSWERING THE CLIENT'S QUESTION THE FIRST TIME' IS THE MILESTONE OF SUCCESS IN THE CONSUMER BANKING WORLD'

implementation managers, client service consultants, technical support consultants and product specialists. But why do clients require such a premium service? Well, mainly because their operations are big and they are looking at the simplest treasury solutions for efficiency and profitability. There are a number of ways of styling each solution required, and the tailoring comes after listening closely to how clients work and what clients want.

MAINTAIN EXCELLENT COMMUNICATIONS

Service by banks can be divided into two categories: the human personal contact and today's technology through voice recognition units replacing the human contact. The preference by clients is mixed but research has shown that a majority of conglomerate clients prefer the personal touch. It gives them greater control and the comfort that issues are being dealt with immediately. However, the next five years will see some major changes in this area and technology will continue to offer new and improved ways to communicate with our clients.

SERVICE

Invariably, global banks offer a variety of working capital management tools, including complex account structures, liquidity management, access to interest rate markets through direct links to the bank's dealers, technological interfaces with the bank's payment systems, information reporting, reconciliation and ongoing service requirements. Banks are constantly looking at new ways to improve their processes in accordance with market developments and client expectations. Accurate market knowledge, paired with the most appropriate design of systems and products, separate a truly global bank from the rest.

The service strategies employed in the consumer banking business at Bank of America demonstrate how service can be used as a differentiator. Our consumer banking business describes client satisfaction as 'customer delight'. This simply translates in delivering a predictable, consistent client experience, regardless of which channels the client chooses to communicate with us. "Consistency and success in answering the client's question the first time" is the milestone of success in the consumer banking world. However, the definition of world-class service delivery changes as the relationship size and complexity increase. Service delivery moves into the realm of relationship servicing, and many large service providers are still 'one size fits all'.

Multi-national corporate (MNC) treasuries are not in the 'one size fits all' category. They are highly sophisticated and demand the most advanced products and systems that not only provide its operations with the necessary tools to operate its business, but also that most intangible need – comfort of control.

ECONOMIES OF SCALE. Both clients and banks can take advantage of economies of scale. The benefits to both are less risk, greater

BOX 1

Four key issues for the provider

- know the client;
- understand their needs;
- maintain excellent communications; and
- provide a service which helps the client meet their own challenges

capacity to automate and increased control and security. As a result of this, operating costs can be reduced.

Advances in the systems offered to businesses by banks has enabled them to centralise, by region, their operations such as treasury, accounts payable, accounts receivable, invoicing and the like. This has resulted in greater financial benefit and many companies are now looking to implement these structures on a global basis. Banks also benefit from further automation. Increasingly, payment instructions are received electronically and many clients are utilising electronic data interchange (EDI) payments systems. This enables a greater proportion of straight-through processing (STP) to be achieved, which means no manual intervention is required in the processing areas.

Many companies extract payment and remittance instructions direct from their accounts payable database for transmission to their bank. Daily account information can be sent back to clients and, in an increasing number of cases, this information is uploaded directly into their accounts receivable database, allowing a high proportion of automatic reconciliation. The automated process reduces processing costs for banks and these financial benefits can be passed on to clients by way of reduced bank charges.

Next, let us look at the challenges to banks to support the servicing of their international cash management business:

- **Skill sets.** As mentioned earlier, there is a strong emphasis on specialist teams encompassing a client's needs. Many banks have implemented structures to support this model. One of the most important requirements is personnel. This means having enough suitably trained and enthusiastic people at every stage of the process. Cross-training is not a new concept but it is nonetheless a vital tool in making people more effective in their jobs. Not everyone likes to 'serve' and those who excel in their job are those who are passionate about it and have a sense of duty. The ability to select the right talent in this increasingly sophisticated and demanding industry is crucial and requires management to make some tough decisions.
- **Experience.** This is crucial in the working capital management business. Few banks offer an extensive team of consultants with the appropriate experience. This should be paramount to the foundation of the current cash management culture. It is the mix of knowledge of bank services and products and knowledge of the industry nuances that will improve client satisfaction.
- **Understand the client's business and create segmentation.** Banks will adjust their operations in line with demands, sometimes dictated by major clients. With the centralisation of treasury departments, either regionally or globally, banks have also centralised their operations to provide suitable platforms to service clients and their treasury function requirements. There appears to be far greater demand for complete globalisation to

service clients round the clock. But there are some obstacles that need to be overcome, such as cultural differences, language barriers, different time zones and various technology platforms being applied. Nevertheless, to streamline their operational needs, international banks and clients alike are pursuing both these routes.

- **Technology:** In today's climate, the ability for clients to be able to communicate in a fast and efficient manner is a necessity. Banks need to support the introduction of more reliable and user-friendly technology because clients look to their bank to provide innovative solutions to their complex global problems. Banks should not only be reactive to their requirements, but proactive in suggesting possible solutions to eliminate recurring problems. In this age of the internet, far greater access online is required by clients to receive live information reporting, transaction investigations and instant payment delivery. Technology allows the client to self-serve. Fifteen years ago, people were shocked when petrol stations started offering a self-serve option. In today's fast-moving world, we would be frustrated if we could not serve ourselves at the petrol pumps. I believe that the client will mostly self-serve in the future and natural evolution will happen – it is already happening today in other industries. Proliferation of ATM usage is a clear example of the demand for self-service – remember the days of waiting in line for the bank teller? Most bank customers would not want to go back to that.

- **Service definition:** From a bank's perspective, essentially, there is no difference between a financial institution and corporate client. What the client requires is accurate and timely information and bankers with experience in their industry sector. Furthermore, they need bankers that understand the products and services they offer and how these products and services can be used effectively. The challenge to the bank is to take those service elements and provide the infrastructure to support this.

We all know there are many challenges for the financial industry ahead. The biggest challenge will be to continue our effort to create a standard common information delivery platform, service levels and processes for clients operating on a multi-regional basis. Today, clients require access to the bank globally 24/7 and processes are already under way by the major players to achieve this. In my view, an organisation that can embrace constant transformation necessary to survive and strike in the increasingly fast environment will undoubtedly most satisfy their client. We, the servicing executives, are the leaders who will continue to renew and promote a true passion and a sense of duty in transforming the servicing industry in the years to come.

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