



**What holistic digital pricing
and profitability tools make
possible for banks.**



Embracing change: can digital pricing and profitability tools give banks the edge?

Traditional financial institutions are facing multiple challenges today. From a raft of digital-first entrants disrupting the market to a dramatic increase in customer expectations, banks have to rethink how they operate just to maintain customer share, let alone grow it.

For decades, banks have established strong relationships with clients and rightly point to their ability to do this as something that truly differentiates them from disruptive start-ups.

However, having the time to invest in relationships – and having the ability to put the customer in the center of everything you do – is critically important to maintain and grow this point of difference.

Moving with the times

There's increasing recognition in mainstream banking of the need to change business models and approaches – something that has only been fast-tracked by the global pandemic. In the age of customer-centricity, a siloed banking approach can't deliver the outcomes the business – and customer – need.

Corporate banking customers operate linearly – they don't differentiate between checking accounts and lending, commercial finance and equipment finance – they're dealing with one business, one brand.

Internally, however, it's a different story – which is where digital pricing and profitability tools configured to the specific requirements of your business can help.

Seamlessly plugged into your CRM and origination platforms via API, digital pricing and profitability tools can enable banks to operate more dynamically.

This facilitates smoother, quicker, and more meaningful transactions that deliver a better experience for the customer and more profitable business for the bank.

Some organizations traditionally haven't prioritized pricing and profitability – but the world, and the competition, has changed.

Rather than relying on an ever-increasing headcount to solve pricing and remain competitive, banks need a modern digital solution.

And its impact can be wide-ranging. Here's why.

Reduce silos and deliver a holistic view of the customer

Banking portfolios have traditionally been managed from a product or business unit perspective.

This means that each silo has spreadsheet-based pricing models or an intranet-based pricing reference system that speaks only to that vertical and doesn't consider anything else the customer is doing with the organization.

The data may be pushed into the backend system or data lake, but it purely informs decisions retrospectively.

From the perspective of profitability and customer retention, it is vital to understand the value of a customer – and the behavior of a customer – across all verticals in real-time.

By using a digital pricing and profitability management solution, it's possible to consider other products and services you can offer that client.

It also enables you to make pricing decisions from a holistic view of that customer's individual relationship and history with the bank.

Increase speed to market

Today, customers expect things to happen quickly – in some cases instantaneously, for example, when implementing rate changes or running promotions.

An integrated digital pricing and profitability tool that enables deal optimization, pricing benchmarks, profitability hurdles, and ultimately a real-time whole-of-customer view, enables offers to be made with speed and accuracy.

This means customers can be taken off the market quickly, and the time spent processing and assessing applications is reduced, too.



Understand profit and avoid leaving money on the table

Of course, a key benefit of using a digital pricing and profitability tool is the ability to price dynamically and effectively while maximizing the opportunity that's present. Modern pricing optimization features such as scenario analysis, what-if, and cross-sell tracking are useful here.

Currently, many organizations bring together data from multiple sources in different formats and manipulate it to validate a scenario. However, a single view pricing and profitability tool provides the ability to see each deal in context and price accordingly – delivering greater value to all parties.

Empower your people - and give you valuable performance insights

Having access to a holistic view means that relationship managers can make more pricing decisions within defined parameters, attaining real-time pricing and deal structure approvals, potentially during client negotiations via an integrated digital deal approval workflow.

It also means that relationship managers take ownership and responsibility for pricing and deal structuring decisions within clearly defined boundaries.

However, the system also captures all of the underlying detail, data, and analytics about how the relationship manager is working and their interactions with approvers. This provides valuable performance insights around, for example, discounting and profits being left on the table.

This quantitative view can be used for coaching and performance management, increasing performance levels – and profitability – across the whole business.

Reduce operational and reputational risk

An integrated digital pricing and profitability platform can significantly reduce operational and reputational risk, too, by facilitating consistent rate and fee data population.

Not only is manual pricing and processing costly, but it's also open to errors and inconsistencies and can lead to several problems, especially come audit time.

Having a single source of truth provides clarity throughout the transaction, and it is easily auditable to ensure consistency in the approval process and overall decision making.

Create a genuine point of difference

By having a nimble, agile digital pricing and profitability system that adapts to the way you work and enables you to create your own rules – rather than conforming to a predefined way of working – banks can become more strategic, more profitable, and deepen relationships with their customers.

In doing so, you can create a real point of difference between yourself and your competitors.

The global pandemic has accelerated digital transformations in businesses around the world. Businesses are urgently building agile and robust foundations capable of withstanding intense pressure.

Banks are rapidly reviewing and rebuilding their internal processes to make them fit for purpose today, to meet and exceed customer expectations and remain competitive in the years ahead.

And, if you're not doing that right now, the chances are you'll be left behind.