HOW CAN CLIENT LIFECYCLE MANAGEMENT DELIVER IMPROVED SERVICE AND SUSTAINABLE COMPLIANCE?

A Genpact report
ONBOARDING NEW CLIENTS AND DUE DILIGENCE: A TOXIC COCKTAIL FOR FINANCIAL INSTITUTIONS.

Heightened customer expectations in today’s digital world – against a backdrop of increased regulation, margin erosion, aging technology, and fragmented middle and back-office processes – present significant challenges.

That’s why firms are turning to modern and sustainable Client Lifecycle Management (CLM) solutions which complement their legacy operations and improve client experience. By focusing on the desired outcomes, these solutions redesign processes to deliver an end-to-end strategy that covers the full client lifecycle.
Compliance is always a major issue.

Industry estimates suggest that 25% of client records are either duplicates or inactive, while at the same time regulators are continuously evolving their views on compliance across jurisdictions.

The challenge of keeping up with all of this is made harder by legacy operating models, which often position onboarding as a standalone process and fail to recognize the full potential of automation.
WHAT IS THE ONBOARDING AND ONGOING DUE DILIGENCE EXPERIENCE LIKE FOR THE END CUSTOMER?

Customers expect accounts to be opened quickly and maintained efficiently, with minimal fuss. The reality is often very different.

Today’s market is more challenging than ever. Firms face heightened customer expectations and increased market competition, often fueled by comparisons to other markets and advances in disruptive technologies. These expectations also need to be managed alongside tightening international regulations and cost constraints.

Solutions that can help deliver the biggest returns:

• Reengineering processes to facilitate specialist managed services
• Leveraging industry-level solutions, such as KYC utilities1
• Introducing the right combination of technologies including: client portals, mobile, cognitive tools, CRM, and rules-based workflows

What are the key benefits?

• Specialist managed services increase scalability and accelerate processes
• Industry utilities reduce both the time to market and the effort associated with managing information requests
• Extending digital initiatives through the middle and back office improves growth, cost efficiency and business agility

For example...

A financial services institution had more than 40 processes, managed across 19 different business units, with eight separate teams involved in document collection. There was also a lack of end-to-end visibility. They needed to improve customer experience, reduce onboarding time and cut costs.

Through redesigned and consolidated operations, 150 process adjustments were identified to improve account maintenance, credit and AML. Systems were rationalized by 50% and a single, centralized document management system was deployed to improve end-to-end process visibility. Other specialized tools, and the use of a KYC utility, significantly cut onboarding and refresh times. With faster, customer-centric processes, the firm realized annual savings of 30%.

1 kyc.com is a joint venture company leveraging the global industry footprints of Genpact and IHS Markit to standardize KYC processes and centralize operations for client onboarding and account management.
Managing regulatory expectations, risk and client satisfaction at sustainable cost is a continuous challenge.

The operational risks are significant: increasing operational and technology costs, eye-watering fines, and the potential for reputational damage. Traditional outsourcing deals can be inefficient, while in-house captive solutions pose challenges, such as misinterpretation of regulations at scale and, of course, increasing costs.

Solutions that can help deliver the biggest returns:
- Adding a digitally connected CLM platform across a managed service with a rules and policy engine
- Maintaining a platform on an ongoing basis, in consultation with user group compliance officers
- Leveraging specialist industry data vendors and cognitive technologies, connected seamlessly to the CLM platform
- Using a skilled provider of managed services for Level I and II processes

What are the key benefits?
- A consistent approach that is futureproofed against evolving regulatory requirements
- Regulatory and customizable policy engines reduce operational risk
- Data vendors and cognitive technologies, such as natural language processing, significantly reduce false positives and investigation time
- Greater ability to scale operations within a sustainable commercial model

For example...

A global financial services firm had a fragmented client onboarding process across business groups. They used multiple systems, with no linkage to downstream account systems, and a highly manual approval workflow with inadequate audit trail.

Creating a seamless conversion of prospects to clients, with a single golden copy of client data, quickly eliminated duplicate entities. This was supported by a systemic integration with middle office account creation systems and automated routing to credit and legal departments. Data quality was also enhanced through data analysis and discovery (via a software vendor), compliance to remediation policies and daily processing of profile updates.
HOW DO FIRMS MANAGE MARGIN PRESSURES AND AN INCREASED COMPLIANCE BURDEN?

For many financial institutions, the current cost of compliance is either unsustainable or a significant concern.

The fragmented nature of many firms’ processes means the true cost of compliance is rarely known. However, the benchmark for a typical global bank’s KYC process for a low-risk client involves around 370 questions, and this doesn’t take due diligence or refresh into account. Typical onboarding costs for an institutional client are $5,000 – $6,000, and can climb as high as $20,000, and the process can take up to nine months. Add to this ongoing due diligence and other costs and it is clear that financial institutions must find a more sustainable way to execute the end-to-end CLM process.

Solutions that can help deliver the biggest returns:
- **Reimagining the end-to-end process** with process-centric technology integrations, such as natural language processing, reduces client touch points and hand-offs
- Leveraging domain-focused vendors to seamlessly and automatically enrich client data
- Improving data management to achieve a 360-degree customer view

What are the key benefits?
- Improved productivity reduces costs by 20%
- Reducing onboarding time cuts costs by 30%
- Improved consistency and audit trail across the client lifecycle lowers regulatory risk
- More efficient operating models, particularly when operating across multiple jurisdictions

For example...

The investment banking arm of a large global bank was undergoing a transformation program across the client operations group, driven primarily by a mandate to reduce costs while maintaining compliance quality.

After conducting a front-to-back assessment of the CLM process, the firm was able to envision a best-in-class target operating model, and identified opportunities to improve the operating model using process redesign, digitization, and workforce optimization. As a result, the firm not only maintained the standards for compliance, but also decreased costs by 50%.
Genpact’s 1500-strong CLM team supports financial organizations globally.

Genpact works with many of the world’s leading financial firms, maximizing the return from their existing technology investment, while rapidly adding incremental value. With a track record for partnership, and client relationships stretching over a decade, Genpact draws on extensive experience across the client lifecycle management process.

In addition, our KYC service (kyc.com), is standardizing KYC processes and centralizing operations for client onboarding and account management across the industry.

Genpact provides an end-to-end solution for all CLM services, created from the ground up to transform and run operations. All solutions are designed around clients, to ensure they deliver the right combination of agile best-in-class technologies, proven lean process and intelligent analytics, focused on helping firms control costs, manage risk and improve customer satisfaction.

Please take a look at: http://www.genpact.com/home/industries/capital-markets/client-lifecycle-management
Genpact (NYSE: G) stands for “generating business impact.” We are a global leader in digitally-powered business process management and services. We architect the Lean Digital™ enterprise through our patented Smart Enterprise Processes (SEP™) framework that reimagines our clients’ operating models end-to-end, including the middle and back offices. This creates Intelligent Operations™ that we help design, transform, and run. The impact on our clients is a high return on transformation investments through growth, efficiency, and business agility. For two decades, first as a General Electric division and later as an independent company, we have been passionately serving our clients. Today, we generate impact for a few hundred strategic clients, including approximately one-fifth of the Fortune Global 500, and have grown to over 75,000 people in 25 countries, with key offices in New York City. The resulting business process and industry domain expertise and experience running complex operations are a unique heritage and focus that help us drive the best choices across technology, analytics, and organizational design. For additional information, visit www.genpact.com. Follow Genpact on Twitter, Facebook, LinkedIn, and YouTube.

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