

HAPPIER CLIENTS



**More Profitable
Relationships through
Client Lifecycle
Management**

The financial services industry is evolving at a rapid pace in response to disruptive forces across numerous fronts.

Financial services firms are dealing with shifts in the regulatory environment, with continued pressure to reduce operating costs, with new sources of competition, and, above all, with providing a differentiated experience in response to escalating client demands.

Ideally, this experience should help build and strengthen the client relationship over the long term. It should support client interactions and foster the rapid development and implementation of new products while meeting legislative and regulatory requirements. And it should meet and surpass client expectations and create opportunities for sustainable growth.

Client Lifecycle Management (CLM) is a structured approach to attaining these objectives. With CLM, the organization breaks the client experience down into its component parts—such as data collection, data usage, client interaction, risk management and regulatory compliance—at every stage of the relationship, from sales to onboarding to transaction processing to offering new products and services at appropriate times.

While challenges abound, financial services firms can now take advantage of innovative technologies and platforms to create an integrated process that exceeds client expectations while meeting regulatory and reporting requirements. A smooth, holistic process can provide competitive differentiation while lowering costs and increasing client wallet size.

A transformative CLM program can embed data privacy regulations into an organization's daily practices, addressing regulatory requirements for data storage and building a positive and proactive communication channel with clients. This can help demonstrate the organization's commitment to addressing growing data privacy concerns.

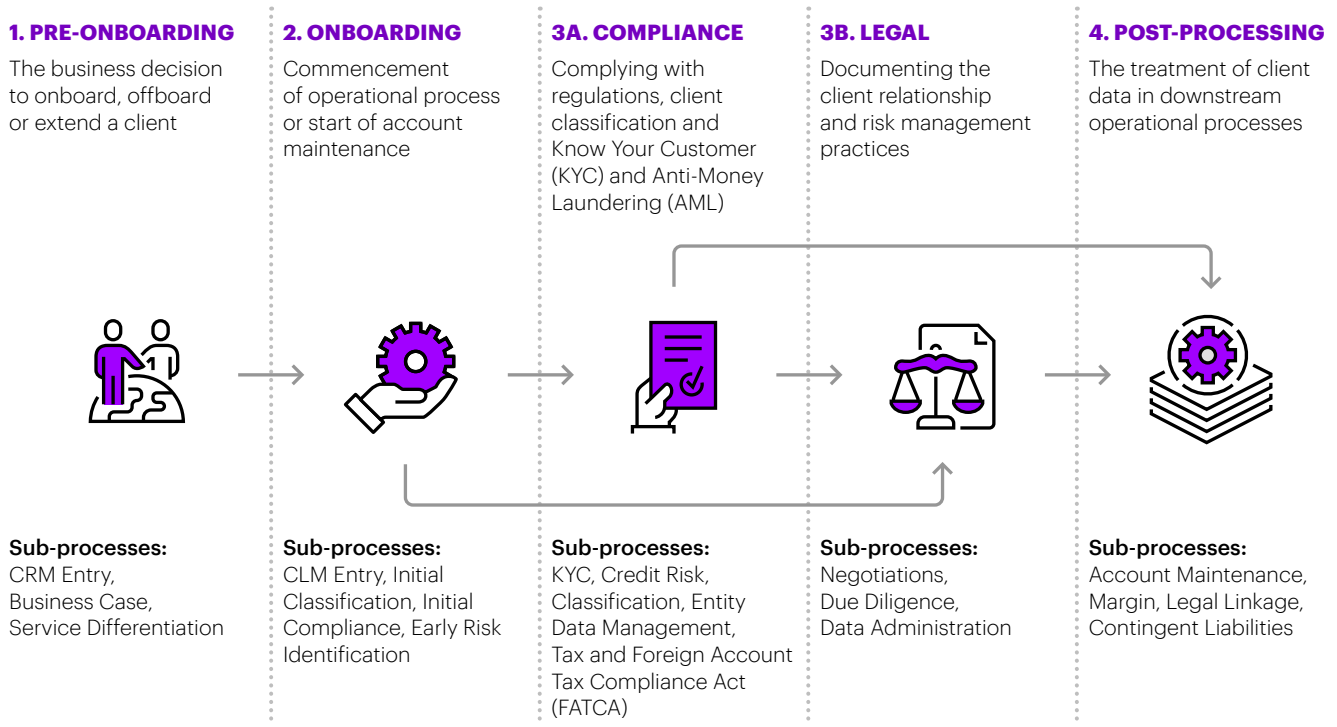


Defining CLM

CLM encompasses the entire client relationship, from when the sales team identifies a prospective client (or a new product or product modification for an existing client) to onboarding (commencement of account maintenance) to changes in account status (such as the creation of a new legal entity) through profitability analysis and legal and regulatory compliance.

As seen in Figure 1 below, each process typically relies upon multiple platforms, teams and procedures designed to manage ongoing activities. In a pre-CLM environment, each new stage is managed as a new task rather than as part of a continuous process. This creates inefficiency and friction and often leads to frustration on the part of the client.

Figure 1. High-Level View of the Client Onboarding Process

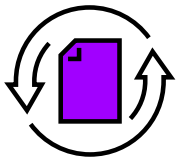


Source: Accenture, June 2019

Looking through the client's eyes

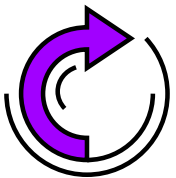
One of the key principles in CLM is to look at established processes and practices through the client's eyes, with the understanding that strategies and tactics employed should have a direct effect upon the relationship.

We have identified three elements highly valued by clients:



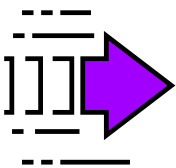
1. CONSISTENCY

Clients look for one common standard across the enterprise. No matter which product or division is involved, the approach and process should remain consistent. This means, when possible, using the same resources for onboarding clients.



2. ELIMINATING REPETITIVE REQUESTS

Clients typically want to be asked once (and only once) for data pertaining to onboarding. Leveraging internal and external data providers—such as prior relationship records or industry utilities—can reduce the number of data requests and sources of client annoyances.

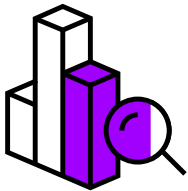


3. INCREASING SPEED AND EFFICIENCY

Process maturity often leads to proactive handling of client requests. For example, an onboarding timeline laying out anticipated document requirements and explaining regulatory commitments give the client a sense that the relationship is being carefully managed and valued.

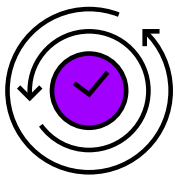
Helping the Sales Group Leverage the New Process

The organization's sales team should be able to leverage the CLM approach in three distinct ways:



1. IDENTIFYING NEW OPPORTUNITIES TO UP- AND CROSS-SELL

CLM should create immediate business value by freeing operational data from disjointed processes. With the “right” data—including a 360-degree view of the entire client relationship—the sales team is in better position to develop and implement effective client growth strategies.



2. ELIMINATING RED TAPE AND REDUCING ONBOARDING TIME

Better upfront process handling typically leads to a better overall client relationship, with potential obstacles identified and explained at the outset. These improvements also reduce the total cost to onboard.



3. IDENTIFYING POTENTIAL RISKS MORE QUICKLY

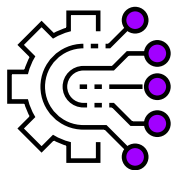
Business-specific rules give early indications of risks associated with individual clients, improving probability calculations and allowing the sales team to work with the concerned client to mitigate such risks before they damage the relationship.



Gaining Operating Efficiencies

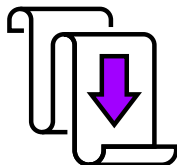
Many financial services firms find it difficult to gain additional efficiencies from operations groups (and budgets) that have already been reduced.

CLM presents opportunities in three main areas:



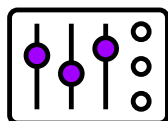
1. ESTABLISHING A FLEXIBLE, CONFIGURABLE PROCESS

The adoption of system-based rules allows the process to adjust to changing business risk tolerances. This, in turn, supports consistent management of compliance and aligns the handling of the client to the overall business strategy.



2. REDUCING MANUAL PROCESSES

Workflows based on industry preferred practices—supported by third-party utilities—can decrease the use of manual processes and eliminate duplicative data consistency checks.



3. IMPLEMENTING PROCESS-DRIVEN CONTROLS

Using proactive key performance indicators (KPIs) rather than just responding to complaints provides better visibility into the client onboarding experience and creates opportunities for process management improvement.

Focusing on Client Experience to Drive Process Efficiency

The period of rapid regulatory change following the global financial crisis diverted attention, budget and other resources to compliance management and made it more difficult for financial services firms to listen to the voice of the client.

With regulatory and budget pressures under better control, financial firms can now direct attention and resources to the client experience.

Our work in this area indicates that a bad or poorly coordinated process can damage the client relationship and lead to an outflow of assets. An efficient, industrialized CLM process—with a focus on the client, rather than the product—can reduce potential sources of dissatisfaction and vulnerabilities to competitor threats while cultivating happier clients, and supporting more extensive and profitable client relationships.

As clients become larger players with substantial scale—or niche groups needing custom products—operating models should reflect the full view of the client. Ideally, a single team should manage a single process for the “whole” client.

The role of technology in the financial services industry has changed rapidly over the past few years. Increasingly, technology is now an ecosystem rather than a fixed platform. While using the appropriate tool for the appropriate job once entailed high technology costs (and the possibility of failing to deal with underlying issues), managers now have access to ecosystems characterized by “best fit” modules that can be employed at relatively low cost to perform complex activities.

Balanced Change Maturity Model

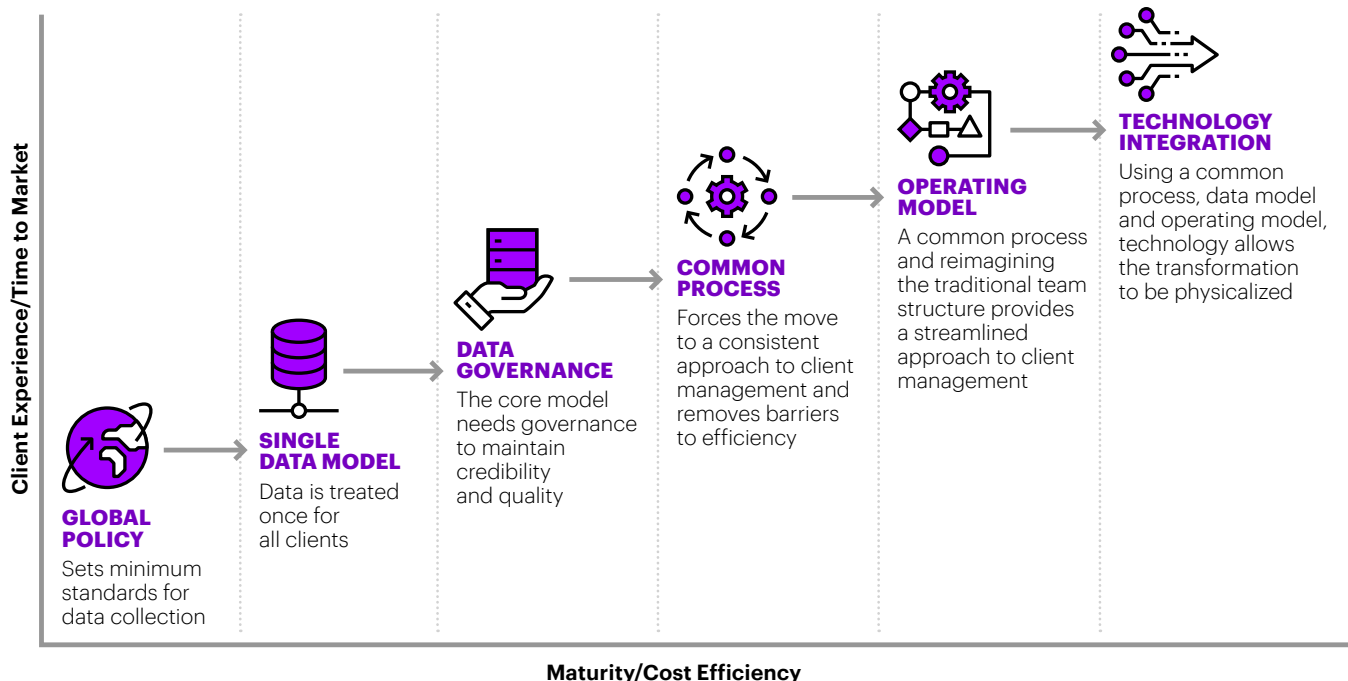
As illustrated in Figure 2 below, we have developed a Balanced Change Maturity Model for CLM.

This model specifically targets financial services firms' current concerns about limited (less than 360 degree) client views and a lack of holistic risk management (with risk managed by client and not product). Pragmatic and cost-effective, the model also actively addresses the growing cost of regulatory change, which has been a barrier to building better client relationships.

This integrated model consists of multiple stages (steps) that build on each other and treat the client as a consolidated entity. Once the first three stages are complete (building a consistent approach to data management) the

financial services firm can move to the main transformative components (the Process and Operating Model stages). Upon completing all the stages, the client management process moves from its current state, typically driven by a division or product perspective, to a fully formed digital platform. This new platform allows firms to handle the client at the corporate level, apply controls based on strategic risk appetite, collect data to address regulatory requests (in many cases, anticipating and "future proofing" in advance of new legislation), and then present data in a clean format consumable by clients, sales and operations.

Figure 2. Balanced Change Maturity Model for CLM



Source: Accenture, June 2019

To accelerate the organization's CLM transformation, we have explored business cases associated with ancillary programs and services including:

CLIENT RATIONALIZATION

This comprises a critical review of existing client and potential new clients using a realistic assessment of risks versus rewards.

DIGITIZATION

The embedding of digitalization within business as usual (BAU) practices can sharply reduce manual document review.

CLIENT TIERING

Evaluating and categorizing clients based on the economic value of the relationship allows the organization to present different sets of services at the time of onboarding, reducing both costs and the time required to onboard.

JOURNEY TO THE CLOUD

Cloud permits final state delivery of information and data via a platform-agnostic digital channel.

Financial services firms can also improve efficiency by targeting commoditized functions. For example, by moving low-value onboarding services to third parties via Onboarding as a Service, the organization can devote more attention to higher-value onboarding activities. Similarly, using third-party providers of Compliance as a Service can help industry players manage compliance in a cost-effective manner, allowing cost stability and acceptable levels of service.

The Balanced Change Maturity Model for CLM allows financial services firms to manage each client as a "whole" client and build a single relationship with them. Adaptive, the model can be integrated to a financial firm's business model and aligned to their business goals and ambitions.



Conclusion

Regulation and compliance requirements are deeply intertwined with the client lifecycle.

Maturing early stages of the CLM process reduces the time required to complete activities, reduces the cost of onboarding, and most importantly, puts the client experience at the forefront of planning and implementation.

Financial services firms can take a major leap forward in servicing clients and respond in a very timely manner to their demands by undertaking a CLM transformation program that takes these elements into consideration:

CLIENT FOCUS

Management of the process through the lens of the client improves not only the visibility of change throughout the operation, but also decreases the time required to address client requests, ultimately increasing revenue potential.

PROCESS EFFICIENCY

CLM envisions rebuilding of processes using new technology and a client-centric operating model. Outside expertise can provide access to techniques, objective evaluation of technologies, and case studies demonstrating effective implementation methodologies. Innovative technologies such as natural language processing (NLP), combined with a focus on orchestrating a single process with a single team, can reduce cycle times and improve client satisfaction levels.

HOLISTIC SERVICES

Pushing processes further into the sales interaction yields valuable data that can be used in client conversations pertaining to organizational structure and risk management. Data received via onboarding and other CLM activities broaden opportunities to work with the client and explore additional product offerings as appropriate.

HOW ACCENTURE CAN HELP

Accenture Finance & Risk uses robust and tested organizational models, process mapping, data transformation and technology implementation to build One Platform, One Process and One Team to delivery Client Lifecycle Management that strengthens the overall client experience. We work side by side with financial firms to transform their operations at scale, enhance their regulatory capabilities, move to frictionless and digitalized enterprise data management and innovate through system integration and application outsourcing. With this focus on collaboration, and access to a global team of specialists and know how, we can help firms truly transform their customer experience across all channels.

To explore how our fresh thinking and integrated approach to Client Lifecycle Management can create opportunities for sustainable growth, please contact one of the authors.

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