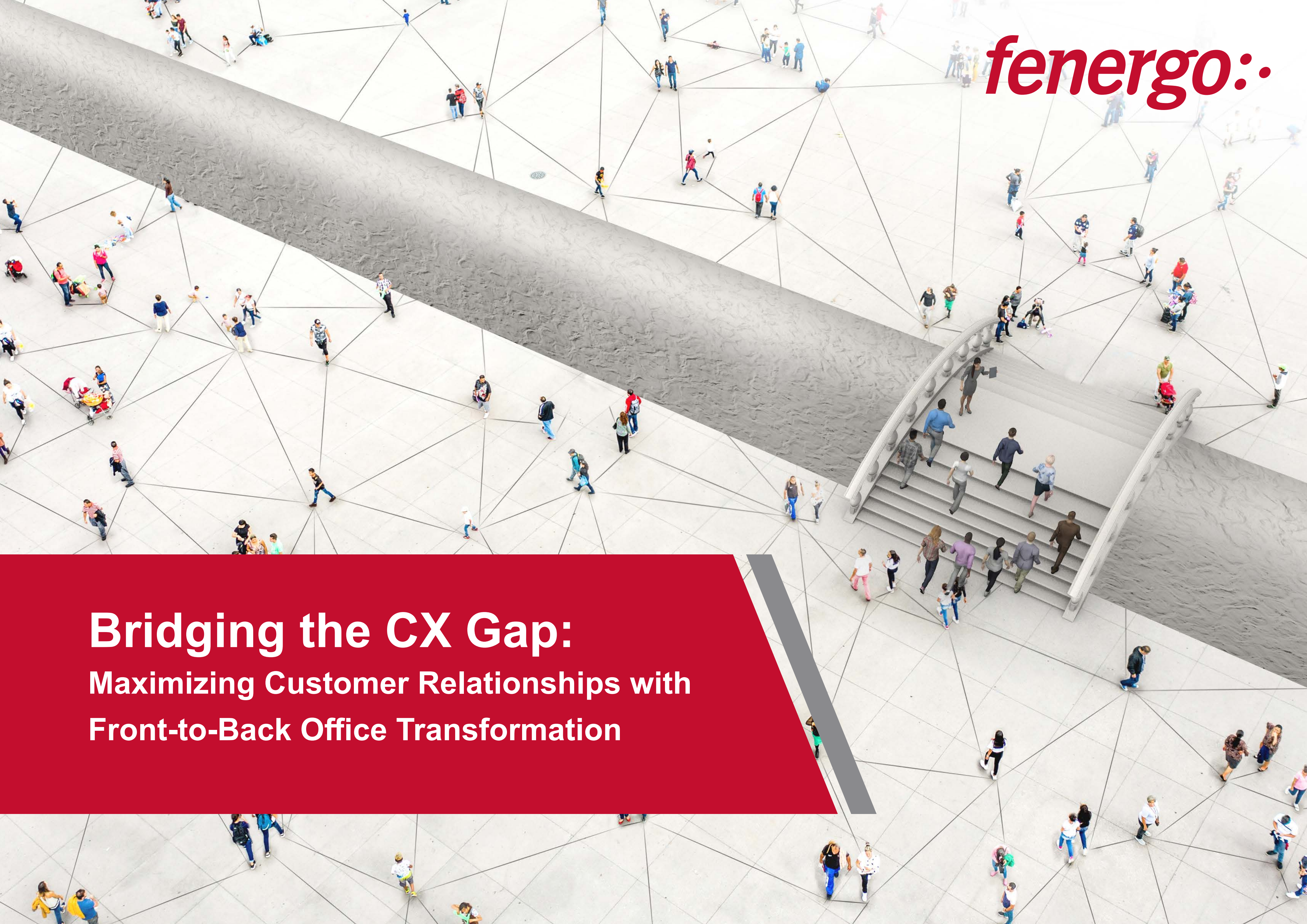

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Bridging the CX Gap:

Maximizing Customer Relationships with Front-to-Back Office Transformation

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The Broken Customer Experience

"The customer experience is broken!"

We heard this recently from a CIO of a major US financial institution who described what life was like before they digitalized their front and back office operations.

In a recent Fenergo survey, we found that 84% of financial services firms believe customer experience during the onboarding process impacts customer lifetime value.

If it's a good experience, then the lifetime value should accumulate over time. If it's poor, then the financial firm must spend more money on attracting new customers to make up the shortfall in wallet share expansion.

Here's why we agree that the customer experience is broken.

1 Disconnected Financial Services

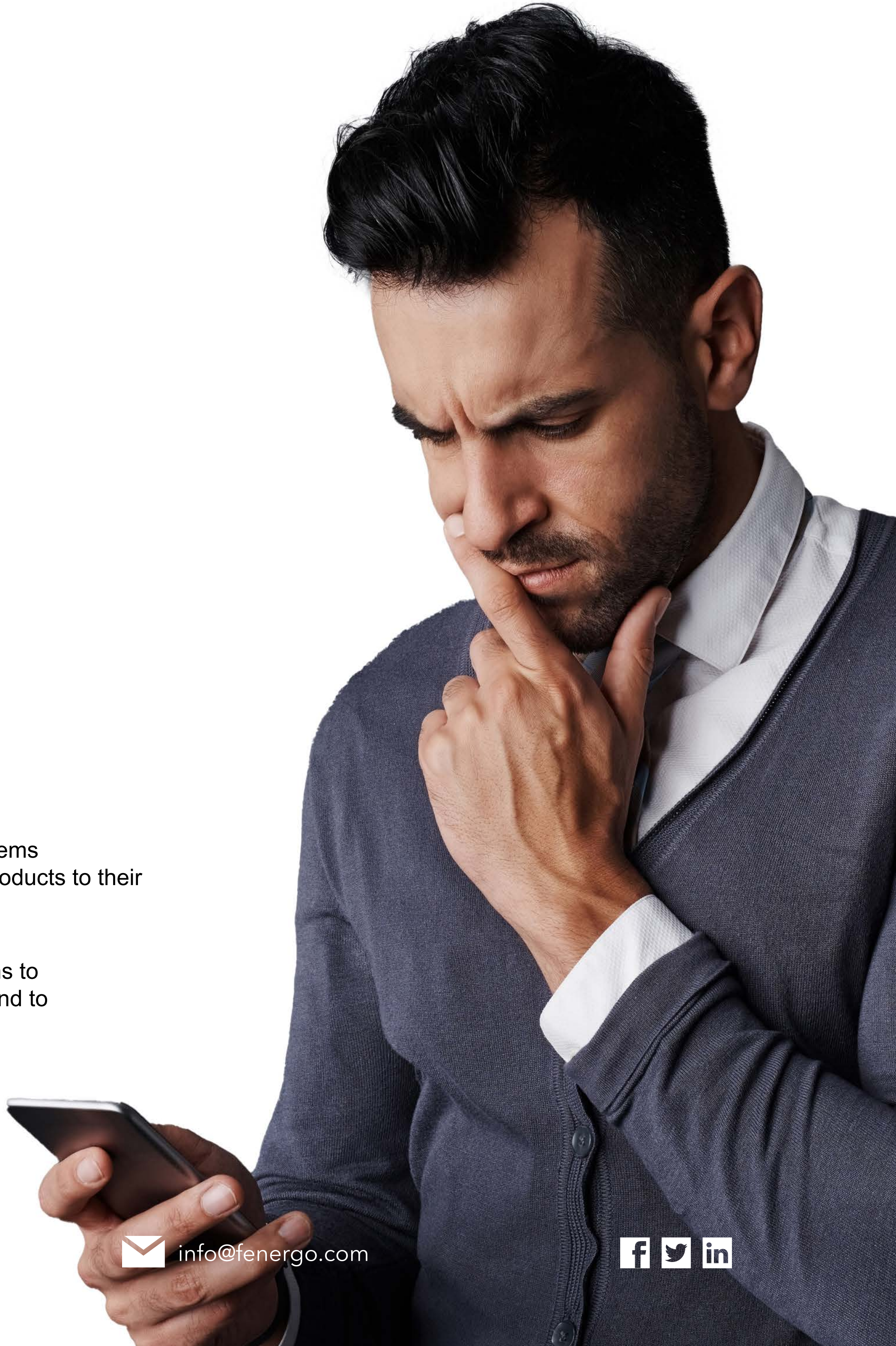
Most financial services firms are split across three divisional lines – front office, middle office and back office functions.

In the front office, relationship managers use client relationship management (CRM) systems to segment their clients, communicate with them on the channels they prefer and align products to their financial goals.

Meanwhile, middle or back office teams utilize client lifecycle management (CLM) systems to onboard and screen prospective clients compliantly in-line with multi-jurisdictional rules and to ensure compliance throughout the client lifecycle.

But what happens to the client experience?

In short, it falls between the two stools of CRM and CLM, offering a disjointed and disconnected approach to the end-to-end client journey, with each system holding its own processes and data in place.



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2 The Data Challenge

Client data is a mess in most financial firms, with client data replicated and locked away in many different legacy systems, requiring manual input and a huge amount of swivel chair activity, creating a monumental challenge to keep data up-to-date and in sync.

In a recent Fenergo survey conducted with global asset managers, nearly half surveyed (48%) say that they store a single client's KYC or AML data and documentation across four or more systems.

When information lives in several systems across the organization, it can only ever deliver a partial view of the client, leading to significant operational inefficiencies.

This severely impacts Relationship Managers, who are forced to work harder to deliver a competent and efficient service to clients throughout their lifetime.

According to the Global Legal Entity Identifier Foundation (GLEIF), more than half of all banking Relationship Managers spend more than 1.5 days (27% of their working week) onboarding new client organizations.

That equates to 72 days or 2.4 months per year (taking a 48-week annual year) per Relationship Manager just on onboarding alone.

48% of asset managers surveyed say they store a customer's KYC or AML data and documentation between four or more systems

3 KYC Compliance Burden

Compliance is the leading culprit behind lengthy onboarding times due to the voluminous amount of information required to support compliance decisions and approvals.

According to estimates by banking giant Citigroup, cited in the Financial Times, global financial services firms have doubled the number of people they employ to handle compliance and regulation in recent years. This now costs the financial services industry an average of $270bn annually and accounts for 10% of operating costs.

If we look at onboarding as the critical first step in a new relationship, then first impressions count. Making clients work to submit information is not the way to start this new relationship.

When it comes to compliance, we often find that the front office (sales and servicing) and middle and back office (where compliance processes live) are often at odds with each other.

As a regulated market, financial services firms need to comply with a wide range of regulations spanning financial crime (AML, KYC, CTF) and other regulatory obligations (OTC derivatives, tax, data privacy, investor protection etc.).

As the front-line personnel in the relationship, the Relationship Manager is often stuck between a rock and a hard place; between the client looking for an easier and better experience and their compliance colleagues looking for more information.

It's little wonder then that Relationship Managers lose clients during the process. In a recent Fenergo survey, 36% of financial institutions surveyed claim to have lost prospective clients due to inefficient onboarding and KYC procedures.

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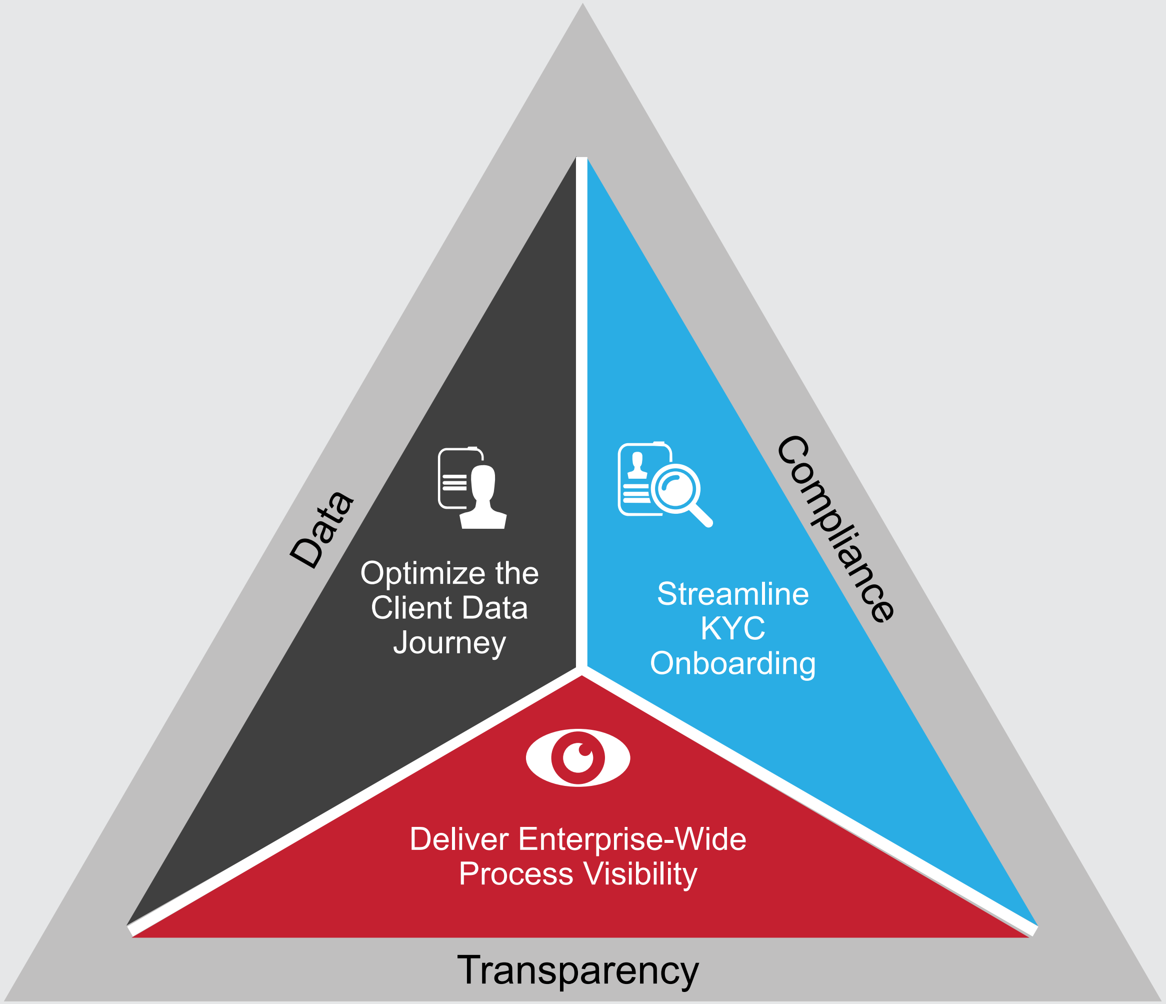
Automating Processes, Empowering Relationship Managers

Siloed operational models are threatening front office efficiency.

By integrating client lifecycle and client relationship management processes and systems, financial services firms can benefit from greater internal operational efficiencies and tighter end-to-end client journey orchestration that translates directly into better external client experiences.

We recommend leading financial institutions take the following three actions to jumpstart their front-to-back office transformation plans:

1. Optimize the Client Data Journey
2. Streamline KYC Onboarding with Distributed Compliance
3. Deliver Enterprise-Wide Process Visibility



1 Optimize the Client Data Journey

Client experience is built on data. The easy flow of that data to relevant stakeholders and systems will provide insights that make the client journey more engaging, beneficial, and seamless.

Fenergo estimates that up to 80% of existing client information can be re-used for upsell/cross-sell opportunities and to meet new regulatory obligations.

For Relationship Managers to provide the best onboarding experience possible, it's critical for them to have a holistic view of clients' activities across different channels and across the organization.

So, there are four things that need to happen.

Automate the flow of information internally

Automate the flow of information within your organization by integrating your CRM and CLM systems and processes so that client information flows easily from front office to middle and back office. This includes integrating all other data repositories within your FI that hold pertinent client information to create a 360° view of the client.

Centralize client data and documentation

Centralize client data & documentation for re-use, enabling RMs and back office teams to utilize these insights for upsell/cross-sell opportunities and to meet new regulatory obligations. Firms can achieve this by centralizing client information that can be accessed and re-used with the appropriate permissions.

Apply intelligent document processing

Apply intelligent document processing to extract meaningful information that may be locked away in documents. By deploying OCR (Optical Character Recognition) and NLP (Natural Language Processing) to documents, key pieces of information can be easily extracted and added to the client risk profile, enhancing the veracity of the client information.

Leverage API integrations

Leverage API integrations for a better customer experience. By integrating with external data providers, such as World Check One and Bureau van Dijk, financial firms can save the time and inconvenience involved in asking clients to repeatedly submit information. Additional value-added services, including integrated client outreach, digital ID&V and eSignatures, can help automate the capture and verification of identity information and documentation.

2 Streamline KYC Onboarding with Distributed Compliance

The second area is automating KYC and regulatory compliance processes.

Empower Front Office to Collect Compliance Information

We've discussed the frustration experienced by Relationship Managers with compliance teams performing multiple outreaches to clients to submit information.

By connecting front, middle and back office systems, financial institutions can deploy a distributed compliance model to automate client due diligence processes and relieve the KYC compliance burden. This means that the onus of compliance and data collection is shared between front and back office teams.

With this integrated model, front office teams can complete initial client due diligence tasks that do not require specialist knowledge within their CRM experience. This real-time information is fed directly back to middle and back office teams, streamlining the decision-making process and speeding up onboarding times.

By embedding KYC compliance into the front office, FIs can

- Focus scarce compliance resources on high-risk cases that require their skills and experience
- Put valuable KYC information back in the hands of relationship managers, such as which products can be offered and with which limits
- Enable greater harmonization between an organisation's ability to meet its regulatory requirements and deliver improved commercial growth.

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Digitalize KYC & Regulatory Compliance Process

Digitalizing the KYC and regulatory compliance process involves removing manual interpretation from the process. By underpinning the process with a robust rules engine that covers multiple jurisdictions, all in-scope regulations (AML/KYC, data privacy, tax, derivatives and market reform rules etc.) can be accurately identified based on the client information.

From here, a classification and an appropriate client risk rating can be applied to the client, dictating the appropriate level of client due diligence required. Both the Relationship Manager and compliance team benefit from swift indication of the exact data and documents required to fulfil multi-jurisdictional regulatory obligations.

With a highly configurable workflow, financial institutions can push as many or as little of the tasks relevant to front office based on the complexity of the client onboarding case. Naturally, there is no one size fits all for financial institutions – a retail bank may be happy to enable its branch agents to complete client due diligence tasks while a capital markets firm or asset manager may prefer to leave complex client onboarding to the middle or back office team.

What's clear is that the KYC onboarding process must be re-imagined to be more automated and client-centric, starting with a centralized operating model.

3 Enterprise-Wide Process Visibility

Perhaps the best part of integrating CRM and CLM solutions is the increased transparency across the end-to-end client journey and the visibility into each client case.

By building integration on an API-rich framework that promotes straight through processing, financial firms can alleviate pressure from employees and manage risk by exception.

In this way, the client onboarding case can be digitally and seamlessly directed unimpeded through all internal approval processes across the front, middle and back office (from account origination, compliance, legal to account opening).

A key secondary benefit of this process is the ability to communicate with certain parties to the approval process if they end up becoming a bottleneck.

This ability to see and act on where the client application is at every point in time empowers the Relationship Manager to step in where they need to or provide a friendly 'nudge' if an application gets stuck along the way.

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Case Study

CRM/CLM Integration in Action – Customer Spotlight

Fenergo and Salesforce recently worked with one of the largest diversified financial services institutions in the United States to optimize its KYC operations and deliver a fully connected customer ecosystem. The financial services provider serves more than eight million customers across 2,300 branches in 40 US states and offers corporate and small business banking services.

Challenge

Priding itself on its relationship-based banking model, the financial institution had a problem. Its customer onboarding experience was lengthy, inefficient, and painful. The culprit was a sprawling mass of manual internal processes that didn't connect and could not deliver visibility across the organization. KYC was replicated across multiple legacy systems, requiring manual input and a significant amount of 'swivel chair' activity to do even the most basic KYC tasks. Inefficiencies were costly, time consuming and impacted customer relationships.

The financial institution needed a customer journey management solution that integrated all parts of the firm – front-to-back office operations - to improve operational efficiencies, reduce costs and, ultimately enhance customer relationships.

Salesforce & Fenergo 'Headless' Customer Lifecycle Management

With 2,500 Relationship Managers using Salesforce to manage their customer-facing operations, the FI wanted to streamline their KYC operations in a way that would provide minimal retraining and inconvenience to its relationship managers. They also wanted to achieve a 360° view, where every single stakeholder in the organization could access the same unified information on every customer.

But how could this be achieved this across Salesforce CRM and Fenergo Customer Lifecycle Management (CLM) solutions?

Deploying an API-first approach, Fenergo rendered its CLM platform headless and integrated seamlessly with Salesforce to digitally direct all end-to-end customer lifecycle journeys through the Salesforce CRM platform.

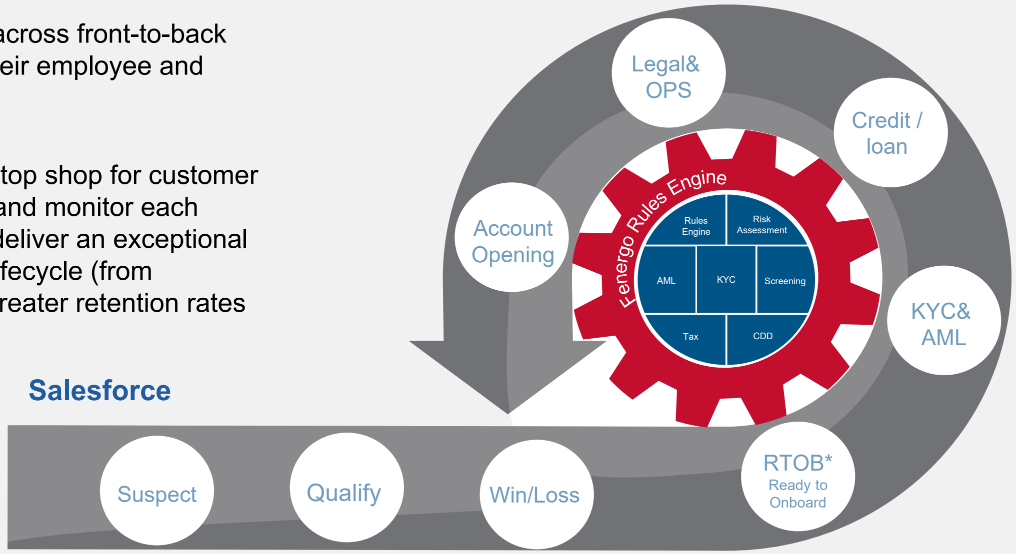
In doing so, all front office teams can complete CLM activities in Salesforce, including customer due diligence (CDD) and data and document collection, powered by Fenergo's intelligent Regulatory Rules Engine. This real-time information provides compliance, legal and credit teams with an accurate, consolidated set of customer data, streamlining the decision-making process.

Seamless customer portal integration also allows customers to easily self-serve with digital data and document exchange for a frictionless customer experience anytime, anywhere.

Results

By automating, digitalizing and standardizing customer journeys across front-to-back office, the financial institution has transformed and modernized their employee and customer onboarding experience.

Using Fenergo KYC & Onboarding for Salesforce® as their one-stop shop for customer lifecycle management, Relationship Managers can fully manage and monitor each onboarding case with complete regulatory surety. They can also deliver an exceptional low-touch, high-tech digital experience throughout the customer lifecycle (from prospecting and product/service cross-selling and upselling) for greater retention rates and improved revenue growth.



Fenergo KYC & Onboarding for Salesforce Customer Journey Manager

Conclusion

In today's digital-first financial services landscape, Relationship Managers are struggling to onboard their customers in a fast, frictionless manner due to compliance roadblocks and a lack of transparency across the organization.

As customer experience is the new battleground, this puts the financial firm at a distinct competitive disadvantage. To transform this process, financial firms need to re-examine their operating model and re-imagine how they deliver customer journeys.

They need to find a way to acquire customer information digitally and let this clean, accurate and remediated customer information flow throughout the financial organization unimpeded.

They need to look at ways in which risk management can be streamlined across functions with a managed-by-exception approach, greater system integration and centralized customer data.

This will free up Relationship Managers' time from administrative tasks to focus on value-added services for their customers throughout their lifetime with the institution.

By integrating CRM and CLM solutions and connecting the front, middle and back office, financial firms can abolish the siloes that exist around functional data and systems.

Doing so will allow financial firms to improve transparency across the customer journey and visibility into individual customer cases, enabling front office teams to fully manage and monitor every onboarding case with complete oversight from middle-or-back office teams.

In this way, the customer's end-to-end lifetime journey – from initial prospecting, onboarding, ongoing due diligence, and product/service cross-selling and upselling as their needs evolve – can be tightly orchestrated across every channel to deliver maximum value across every reduced touchpoint.

It's time for financial services firms to redefine the role of the relationship manager into a strategic advisor that can build trusted relationships, enabled by intelligent automation, unified digital solutions and a complete 360-degree customer view – is your financial firm ready to take the leap?

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If you would like to learn more about how **Fenergo KYC & Onboarding for Salesforce** can help your business automate KYC and centralize front-to-back office onboarding, please reach out to us directly.

Email Us - discover@fenergo.com

Visit Our Website - www.fenergo.com/salesforce

About Fenergo:

Fenergo is the leading provider of digital transformation, customer journey and client lifecycle management (CLM) solutions for financial institutions. Its software digitally transforms and streamlines end-to-end CLM processes - from regulatory onboarding, data integration, client and counterparty data management, client lifecycle reviews and remediation, all the way to client offboarding.

Fenergo is recognized for its in-depth financial services and regulatory expertise, community-based approach to product development and out-of-the-box rules engine which ensures financial institutions are future-proofed against evolving Know Your Customer (KYC), Anti-Money-Laundering (AML), tax and OTC derivatives-based regulations across 100 jurisdictions.

Fenergo recently expanded into new markets including asset and wealth management, private, retail, business and commercial banking and has over 80 global clients.