

COMMERCIAL BANKING – THE EVOLUTION

Increased competition, faltering earnings, customers shopping and pressing for price concessions and the need to determine specific value to customers from relationships, are some aspects forcing banks to continually rethink their commercial banking strategies.

Some emerging trends which are visible in Commercial Banking are briefly discussed in this paper:

MULTICULTURAL BANKING- THE WAY FORWARD

Banks are increasingly giving specific emphasis and showing commitment in recognizing the cultural and ethnic diversity of its commercial customers. The 'One size, fits all' adage is slowly but surely being replaced by 'we recognize your needs differ'. There is a flurry of activity to set up units for under-served ethnic and cultural communities. Relationship Managers are expected to have cultural understanding, affinity, and speak different languages, if they wish to become part of this initiative.

Business units are being re-positioned for targeted segments; delivery channels, products and processes are being dovetailed to provide multilingual Call Centres, multilingual ATMs, multicultural Customer Service. Demographic change has led to a more fractured market and banks that gear themselves early are likely to emerge as beneficiaries.

Culturally relevant advertisements clearly displaying awareness of the segments are meeting the eye. The South Asian, Chinese, Polish and Hispanic customers are not complaining about this fuss to garner their business. They are beginning to get used to this pampering.

COMMERCIAL CENTRES- FOR ATTACK OR DEFENSE

Centres of commercial excellence dedicated to customers are sprouting in key business locations offering local relationship management, faster lending decision making and consistency and continuity of management.

These Centres are being run by commercial managers who not only have extensive banking experience but also detailed knowledge of the local business environment. Commercial customers have access to a single, named local contact with the requisite authority, personal commitment to their accounts, and expected to have a deep understanding of customers business. Some specialist centres for barristers, solicitors and accountancy partnerships are also cropping up.

Yet, I would argue, there is no silver bullet or panacea for solving the myriad of needs and requirements of commercial customers. That said, banks that believe in hands on delivery and problem solving will certainly be more infallible than those that take their customers for granted.

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BUSINESS INTERNET- GIVE ME MORE

Click is the new slick in Commercial Banking. Fully functional Internet based Corporate Transaction Systems are slowly becoming the norm. The idea is to create a virtual community of professionals/customers who can interact, hold chat sessions, post questions on bulletin boards- to enable two-way information exchanges, thereby changing websites from static to interactive and customize customers' experience. Solutions are therefore becoming more market calibrated.

Increasingly real time value added content is being sought by customers for their balances and transactions including those related to Cash Management, Trade Services and Foreign Exchange. Contact management systems across channels are now beginning to speak with each other reducing the need for duplicative information on-line. Banks are also pursuing internet options for new business development and attracting commercial customers.

This virtual explosion of progressive, customer friendly sites is a changing cyberspace for commercial customers.

RELATIONSHIP MANAGEMENT- WHAT'S IT WORTH?

It is never easy to put a price on the value delivered by Relationship Managers. Whilst customers seek professional on-boarding, continuous value-added delivery and better than market pricing, some Banks are still struggling to define the key features of their Relationship Management Model. This not only leads to service gaps but also casts a shadow of doubt on the ability of these banks to understand economic realities, the pressure of time and the shorter product and service life cycles from the lens of a customer.

Successful Relationship Management involves Customer Insight, Cost Transparency, Effective Collaboration and Performance Culture. Customer Insight to understand customer value drivers, usage patterns and problems; Cost Transparency to demonstrate the connection between costs and service levels; Effective Collaboration to ensure staff are empowered and connected across organizational silos and Performance Culture that fosters an environment of commitment and raises the bar for service levels.

The Commercial Manager today, is expected to jumpstart growth, delve deeply into customers' businesses, create comparative advantage and show exponential income growth. This requires a new creed of talent, with an international mindset, lateral perspective and nimble skill set, all essential ingredients to drive the Commercial Banking growth engine forward. Finding 'local talent in a global market' will necessitate professional search, and there are visible signs that the price tags for the best are set to rise.

Notes for editors*

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