

ORACLE
Financial Services

 Deep Dive eBook

Unlocking the Full Revenue Potential in Transaction Banking

How to grow your top line with smarter pricing



5 revenue-impacting trends shaping Transaction Banking today

1 New competition and service commoditization

Banks are in the midst of a trade war with traditional and greenfield players. Global transaction banking products and services are becoming commoditized--with clear signs of decay in historically profitable services, such as check processing.

2 Increased complexity and globalization of investments

Corporate transactions and investments are increasingly global. There's significant growth in cross-border activity, an upsurge in alternative investments, and the use of alternative exchanges. This presents opportunity for growth and revenue diversification.

3 Threat of negative interest rates

The potential for negative interest rates in the UK, Europe, and elsewhere looms large. This reality threatens to increase cost and margin pressure for financial institutions that lack the ability to calculate and charge negative interest rates to clients. Market uncertainty also makes risk-based pricing more challenging.

5 revenue-impacting trends shaping Transaction Banking today

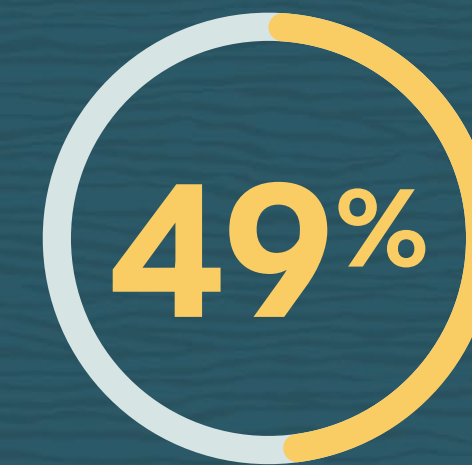
4 Focus on prescriptive regulation

In this environment, forward-looking banks have an opportunity to provide new value-add advisory services to help corporates navigate new regulatory complexity.

5 Elevated client expectations

Clients want more transparent pricing and pre-notification of service charges as part of the shift to a “no surprise” culture around fees and billing. And, they’re more willing to shop for the best deal. This creates further pressure on revenues and increases competition for the right corporate customers.

Corporate banking client satisfaction is at record lows ¹.



Only 49% of corporate clients rate their bankers as good or excellent.



More than half say they’re reviewing relationships with their main banks.

¹ 2019 Global Treasurer's Banking Transaction Survey <https://www.theglobaltreasurer.com/wp-content/uploads/2019/12/CGI-Survey-2019-FINALFINAL.pdf>

Are you missing revenue opportunities?

Disparate pricing and billing processes result in missed revenue opportunities that end up costing banks **between 3% - 8% of their income.**



3 - 8%
in Missed Revenue

Source: Oracle



Re-thinking your revenue in the digital age

Get a grip on revenue leakage

Banks must understand where they are missing out on revenue opportunities before they can maximize them.

Here's why you're missing out on valuable revenue...

- Siloed pricing and billing practices
- Insufficient pricing controls
- Inconsistent accountability
- Inability to track and fulfill commitments at scale

- 1 Quantify lost revenue opportunities
- 2 Analyze where those missed opportunities are occurring (which customer segments, regions or product types)
- 3 Factor the impact of discounts on customer relationships and overall value



Oracle's Revenue Management and Billing platform gives banks a data-powered, 360-view across the revenue management lifecycle.

Re-thinking your revenue in the digital age

Focus on smarter, more transparent pricing

Your customers are demanding individualized personalized products and pricing. The push for transparency has become more urgent. Driven, in part, by regulatory requirements, but also by your clients' need to understand the true value of your services.

Recipe for pricing success



Pricing
Transparency

+



Customer
Education

+



Clear Understanding
of Customer Goals

Traditional pricing strategy:

Inefficient, one-size-fits-all flat pricing

VS

Dynamic pricing approach

- 1 Set pricing based on expected scenarios
- 2 Anticipate changing needs and adjust accordingly
- 3 Identify potential cross-selling / upselling opportunities
- 4 Convert one-time customers into repeat, lifetime customers



Re-thinking your revenue in the digital age

Conquer complexity and boost efficiency across the revenue management and billing cycle

In the wake of decades of merger and acquisition activity as well as caution in pursuing large-scale, big-bang technology modernization initiatives, financial institutions are left with a patchwork of systems and manual processes for managing pricing, billing, and collections.

These legacy systems—which are largely product-centric versus customer-centric—are redundant, expensive to maintain, and prone to errors.

Oracle Revenue Management and Billing



Drive efficiencies through integrated workflow automation powered by a configurable rules-driven engine.



Oracle Revenue Management & Billing

Offer the right product, to the right customer at the right price.



Product & pricing clarity

- Centralized pricing and billing across products, customers, lines of business and geographies
- Support for complex transactions
- Improved pricing governance, with automated reminders for client performance reviews and up-pricing opportunities



Better customer management

- 360-degree view of the customer, and relationship hierarchy
- Set prices based on the total value of the customer relationship
- Strengthen relationships with bundled pricing and discounts
- Integrations with business-critical applications like CRM



Powerful analytics

- End-to-end analytics—from capturing customer data to creating pricing simulations, structuring deals and tracking commitments
- Get automated customer insights and changes in behavior to enable dynamic price decisioning



Streamlined efficiency

- Consolidate all customer charges and send out a single invoice and statement
- Automated, audited information and workflow—delivering improved controls and robust risk management

Case study: Reducing pricing complexity

Who?

Global tier 1 bank \$50 billion, cuts complexity, and improves compliance

Business Challenge

A global tier-one bank was growing rapidly, but its existing pricing engine did not allow it to bring new products to market quickly. The bank was also mired in a regulatory project that was driving the need for fee transparency, and its existing platform could not support that requirement. It was time for a new approach.



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Case study: Reducing pricing complexity

Why Oracle Revenue Management and Billing was leveraged

The bank selected Oracle to modernize its global custody operations.



A unified tool for Relationship Managers to manage the sales process more efficiently



Integration with CRM environments



Data-driven insights for more accurate pricing decisions



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Case study: Reducing pricing complexity

Impact

- Realized **\$50 million** in revenue by leveraging Oracle's insights to retire 19 solutions and optimize current pricing structures.
- Recouped investment in six months
- Improved compliance by reducing the incidence of out-of-policy pricing.
- Reduced complexity and costs by **consolidating 20 billing and revenue management systems** to one



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Case study: Offsetting negative interest rates

Business Challenge

A multi-national bank was facing a challenge in the wake of negative interest rates. A negative rate for the European Union (EU) had increased cost pressure on the bank, which also has operations in the United Kingdom (UK). The inability to pass on the costs to the client resulted in huge sums of deposits sitting in accounts. The bank's core banking platform did not have the capability to calculate and charge negative interest rates, and changes to the UK billing platform would be time-consuming and expensive.



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Case study: Offsetting negative interest rates

Why Oracle Revenue Management and Billing was leveraged



Oracle partnered with the bank to complete the project in less than six months



For the EU operations, the bank can now calculate each charge and bill according for it



For the UK operations, the bank was able to continue billed transactional fees



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Case study: Offsetting negative interest rates

Impact

- Clients removed **€800 million** in the months following the implementation, easing capital reserve requirements
- Prepared the organization for the possibility of negative interest rates in the UK and other regions where it operate



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Advance your Global Transaction banking goals



Generate **new opportunities for fee-based income** streams



Accelerate onboarding with a clear link between volumes/price and income



Improve cash management with multi-currency cash pools, physical pooling/cash concentration, and notional pooling capabilities



Meet regulatory requirements, including Know Your Customer (KYC) and anti-money laundering (AML)



Bolster trade finance and price according to weighted risk based on transaction type



Reduce payment suspension related to increased regulation by managing payment charges in real-time and handling typical OUR/BEN/SHA arrangements



Increase transparency and reduce costs by delivering electronic statements via industry standards, such as CAMT.086 and TWIST

Tune in to the conversation!



On-demand webcast

How do you crack the code to revenue growth in transaction banking?



Join Oracle, Deloitte, RIA Advisory, Citibank and Barclays in this on-demand discussion!

Get Started Today

Your First Step to Boosting Revenue Starts with this FREE 3-Month Cloud Trial

- ✓ 3-month, risk-free “try and buy” program
- ✓ Eliminate lengthy internal hardware and software provisioning cycles
- ✓ Visualize tangible benefits with your own data
- ✓ Access ORMB consultants to identify areas for improvement
- ✓ Get a 20-point tangible value report driven from your data
- ✓ Gain great insights into your ROI

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Unlocking Revenue in an Uncertain Times: Uses Cases in Global Transaction Banking
December 2020



Pricing

Offer the right
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