

 Digital Deep Dive

It's time to accelerate the
digitization of corporate banking

—
And Deliver Capital Clarity, Agility,
and a Better Banking Experience




It's time to unlock the value of your relationships

A corporate's relationship with its banking partners is one of its most valuable assets...or it should be. When working in true partnership, the bank can help a corporate navigate the financial complexities of running and growing a business.

Corporates are demanding greater value from their banking partners—increasingly evaluating them as rigorously as any other supplier. At the same time, in a challenging economic climate, banks are also taking a closer look at their internal operations for ways to drive down costs without compromising service and value.

Banks that can re-imagine their value proposition to help their clients win at every stage of the Corporate Banking lifecycle—from securing capital to optimizing it to facilitating trade and more—are well positioned to grow profitable partnerships for years to come.

To re-imagine corporate banking, you have to re-imagine the value you add to your relationships.

 *Please Note: This is an interactive document. You can click through various elements at your control.*

Complexity Reigns

Corporate banking has been stuck in the analog age, plagued with complexity and inefficiency.

It's easy to see how complexity makes it difficult to achieve the capital clarity needed to make a corporate's capital work harder and deliver more. Manual processes compound the situation by slowing approvals and preventing much needed transparency.



Corporates have many banking partners ¹:



work with 2-10 banks



work with 11 or more banks



And hundreds of accounts... with costs and management burden associated with each

Source: 2018 Treasury Barometer - Rabobank



Letters of credit ²— which account for more than \$1T in export transactions annually —remain paper-based and labor-intensive



Average time to decision ³ for corporate lending is **3-5 weeks**; average time to cash is nearly 3 months

¹ <https://www.theglobaltreasurer.com/wp-content/uploads/2019/12/CGI-Survey-2019-FINALFINAL.pdf>

² <https://www.tradefinanceglobal.com/letters-of-credit/problems-with-lcs/>

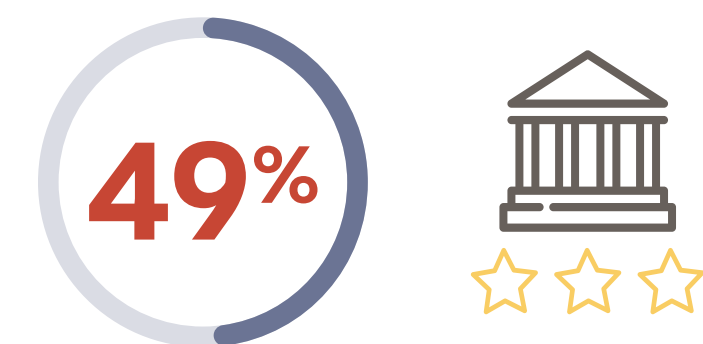
³ <https://www.mckinsey.com/business-functions/risk/our-insights/the-lending-revolution-how-digital-credit-is-changing-banks-from-the-inside>



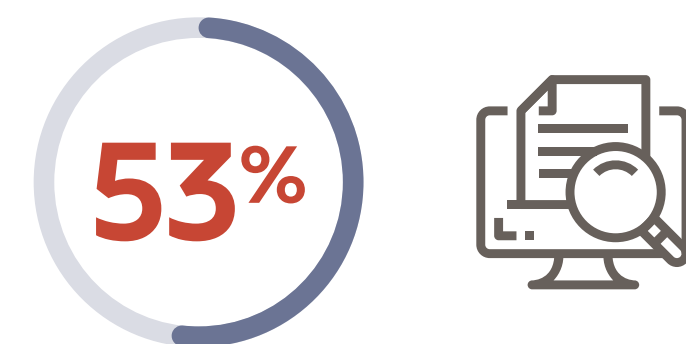
What Are Corporates Looking For?

There's growing evidence that corporates are demanding more from their banking partners, and they're willing to make changes.

The 2019 Global Treasurer's Banking Transaction Survey ⁴ reveals corporate clients' satisfaction has dropped to the lowest recorded level in the survey's history, with **only 49% of corporate clients** rating their bankers as good or excellent. More than half say they're reviewing relationships with their main banks. More specifically, they're taking a closer look at banks' cash management offerings.



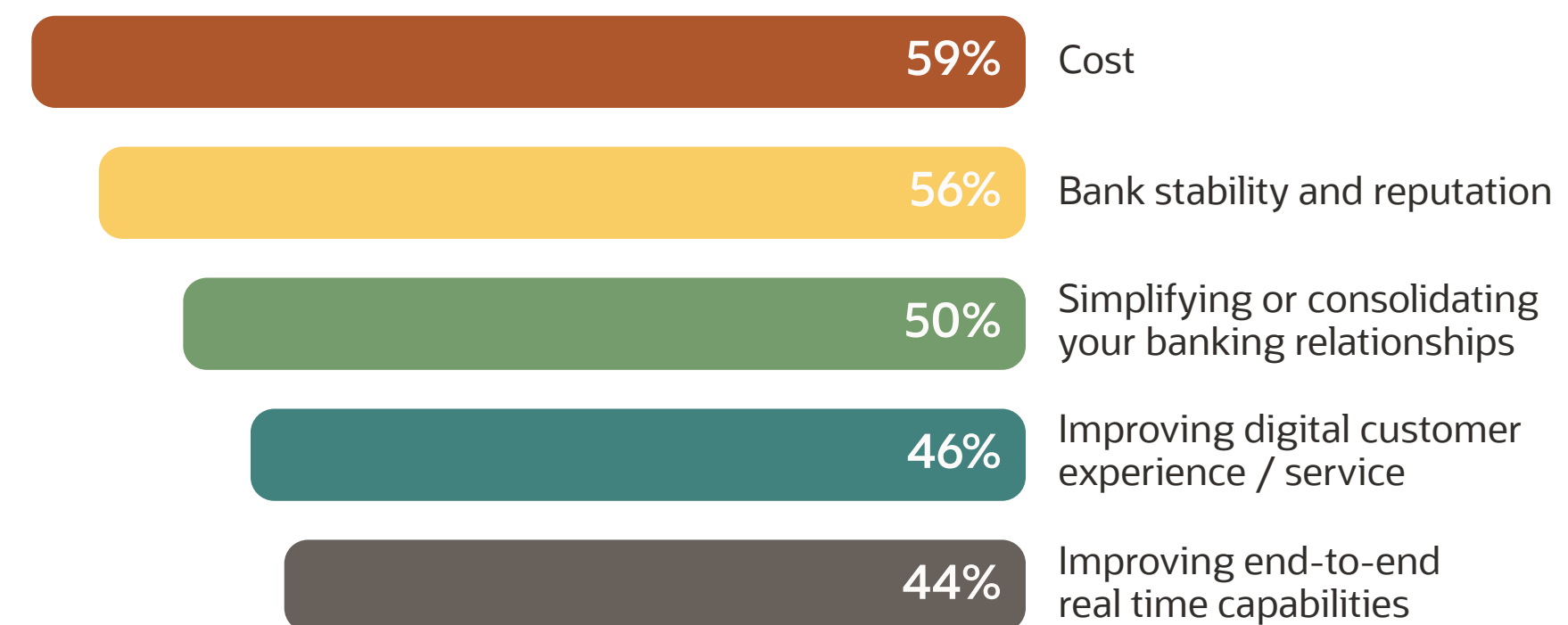
Less than half of corporates are happy with their banking partners



More than half of corporates are reviewing their existing banking relationships

The reasons for corporate discontent are complex, but several themes emerge. **Cost** and **bank reputation** topped the list, followed by the desire to **simplify banking relationships**, and benefit from **digital capabilities/experience** and end-to-end **real-time capabilities**.

Why Are Corporates Re-Looking At Their Banking Relationships?



⁴ <https://www.theglobaltreasurer.com/wp-content/uploads/2019/12/CGI-Survey-2019-FINALFINAL.pdf>



Making the Connection

In May 2020, analyst firm Greenwich Associates released a market report ⁵ that delivered additional insight into how corporates are changing their expectations and behaviors.

Specifically, companies are looking for **easy integration** between their treasury systems and bank platform, along with **real-time information** and **self-service functions** that can improve efficiency.

Digital Know Your Customer and **onboarding processes** are also a priority, as evidenced in a study in which, with 60 percent of large European companies said they award incremental business in cash management to providers that can deliver these capabilities.

⁵ <https://www.greenwich.com/corporate-banking/will-covid-19-challenge-us-banks-expansion-corporate-europe>

⁶ <https://www.mckinsey.com/~media/McKinsey/Business Functions/Risk/Our Insights/The lending revolution How digital credit is changing banks from the inside/The-lending-revolution-vF.pdf>



Opportunity Spotlight:

A bank with a balance sheet of \$250 billion could capture as much as \$230 million in annual profit through a digital end-to-end credit journey

Source: McKinsey & Company ⁶



Moving Your Clients Forward

It's time to listen carefully to what clients are saying... the message is clear.

How can banks deliver on all these requirements, consistently across the relationship lifecycle?

Technology is front and center. Automation and digital transformation—when focused on advancing a corporate's business objectives every step of the way—can set a solid foundation for strong and profitable relationships. But, understanding the potential and putting it into action are two very different concepts.



Status Quo Is Hard to Shake. Here's Why.

Why haven't banks moved faster to automate and innovate when it comes to their corporate business?



Cultural Inertia

Corporate banking is largely built on relationships—many of which are cultivated over years via in-person meetings

and interactions. And, there remains a strong legacy of paper-based processes, even requiring wet signatures that are often obtained in person. The pandemic is changing this mindset faster than anyone could have imagined. Corporates and their banking partners have had no choice but to cultivate and build their relationships remotely at a time when businesses need more flexibility and support than ever.



Complexity

There is no denying that **corporate banking services are complex**. In contrast, retail banking processes are linear—

debits and credits—and services are highly productized—loans, savings, and checking. In the corporate banking arena, a large corporate may have hundreds of accounts across multiple banks. Corporate banking processes themselves are much more complicated, spanning trade finance, cash and liquidity management, and FX to name just a few. Positions and portfolios also require constant monitoring and management.



Legacy Lock-in

Corporate banking represents the lion's share of a bank's profits. As such, banks are very risk averse

when it comes to replacing legacy systems that could have even a short-term negative impact on client service. They seek componentized solutions that enable them to modernize with minimal risk, beginning where they want and proceeding at their own pace.

Breaking Down the Barriers

The Opportunity Ahead

Oracle's corporate banking solution strategy is focused on helping banks break down these barriers. We empower bankers in their quest to help corporates make the most of their capital and set the stage for stronger and more profitable relationships. Our solutions are built to:



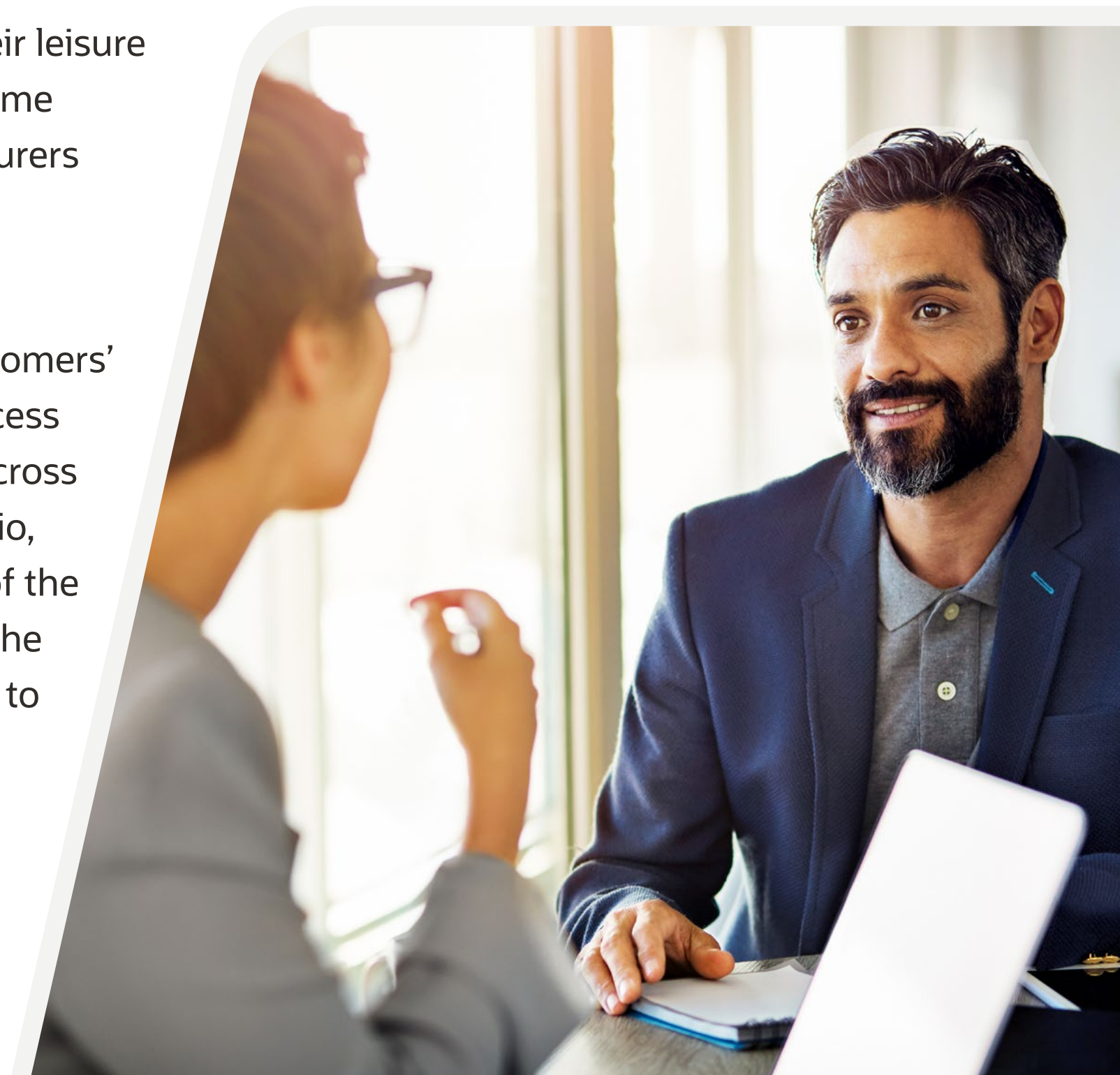
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Today, more than ever, individuals demand the ability to transact at their leisure from the convenience of their chosen device. They need instant, real-time information on their transactions and account activity. Corporate treasurers want the same convenience and value from their banking partners.

Challenges and Pain Points

The relationship manager is on the front line of delivering on their customers' changing expectations. They're often at a disadvantage—unable to access the status of specific initiatives on-demand, as information is spread across numerous systems, departments, and spreadsheets. In another scenario, the relationship manager may be tasked with a new project on behalf of the corporate client. They may take notes in a meeting and then return to the office, only to discover that additional documents and data are needed to get started. Both situations create unnecessary frustration and delays.

These fragmented processes also divert the relationship manager's attention from what really matters—delivering solutions that help corporates make the most of their capital.



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How is Oracle Addressing This

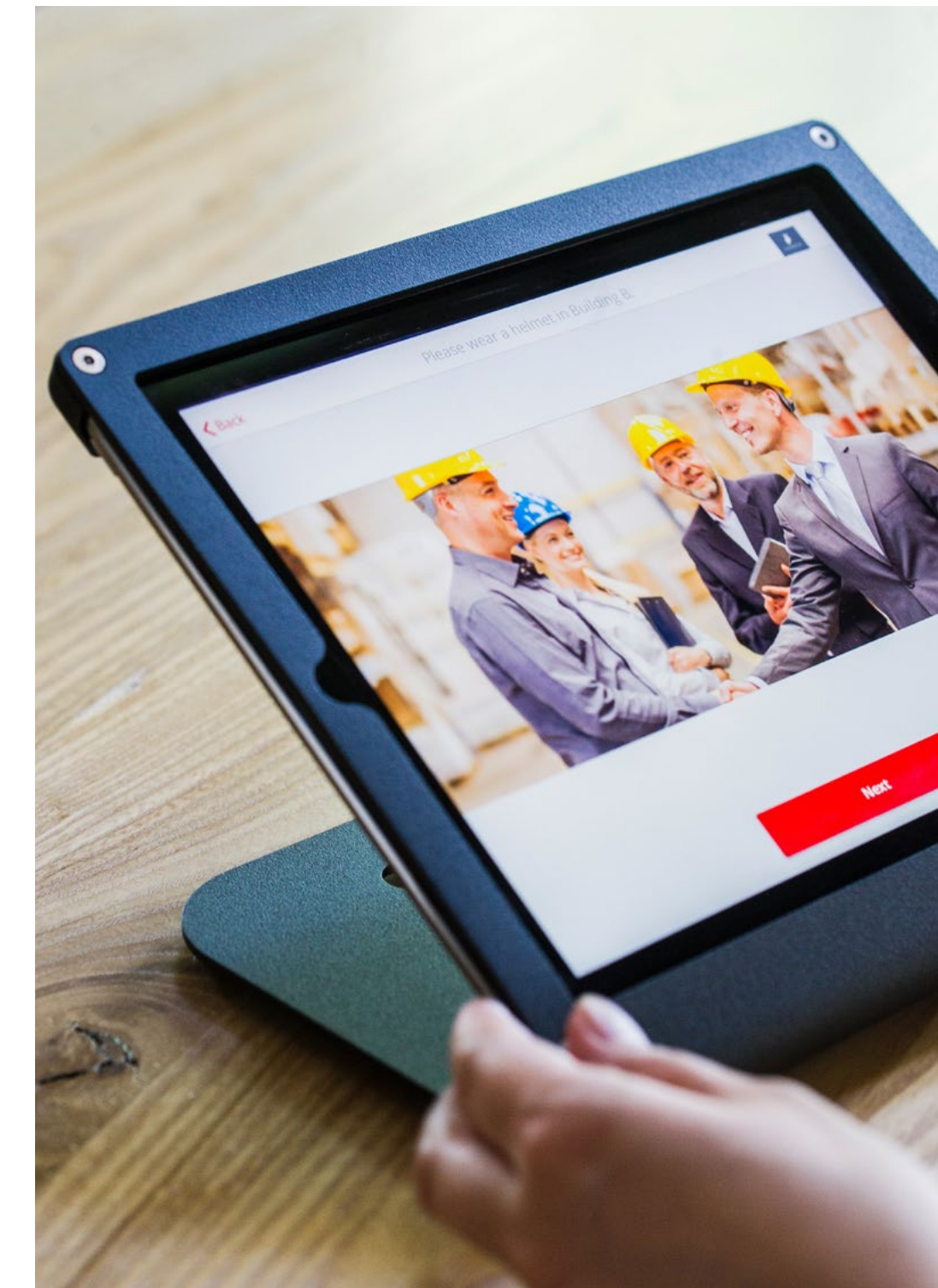
Oracle has enabled the relationship manager view, which combines real-time insight into the entire relationship coupled with powerful account management capabilities that accelerate decision-making and time to value for new initiatives.

The End Game

Imagine, instead, a connected relationship manager, who is armed with a tablet that delivers real-time status updates. And, it captures all information needed for a new project and immediately advises as to what additional documents and data are required to move forward. All of this information is delivered immediately and intuitively—in a client's office or in the home office. The solution also serves up information on new

opportunities, such as programs to help a corporate to maximize credit and funds based on its historical relationship with the bank as well as external factors.

The relationship manager is more productive and delivers greater lasting value to client. It's a win-win situation.



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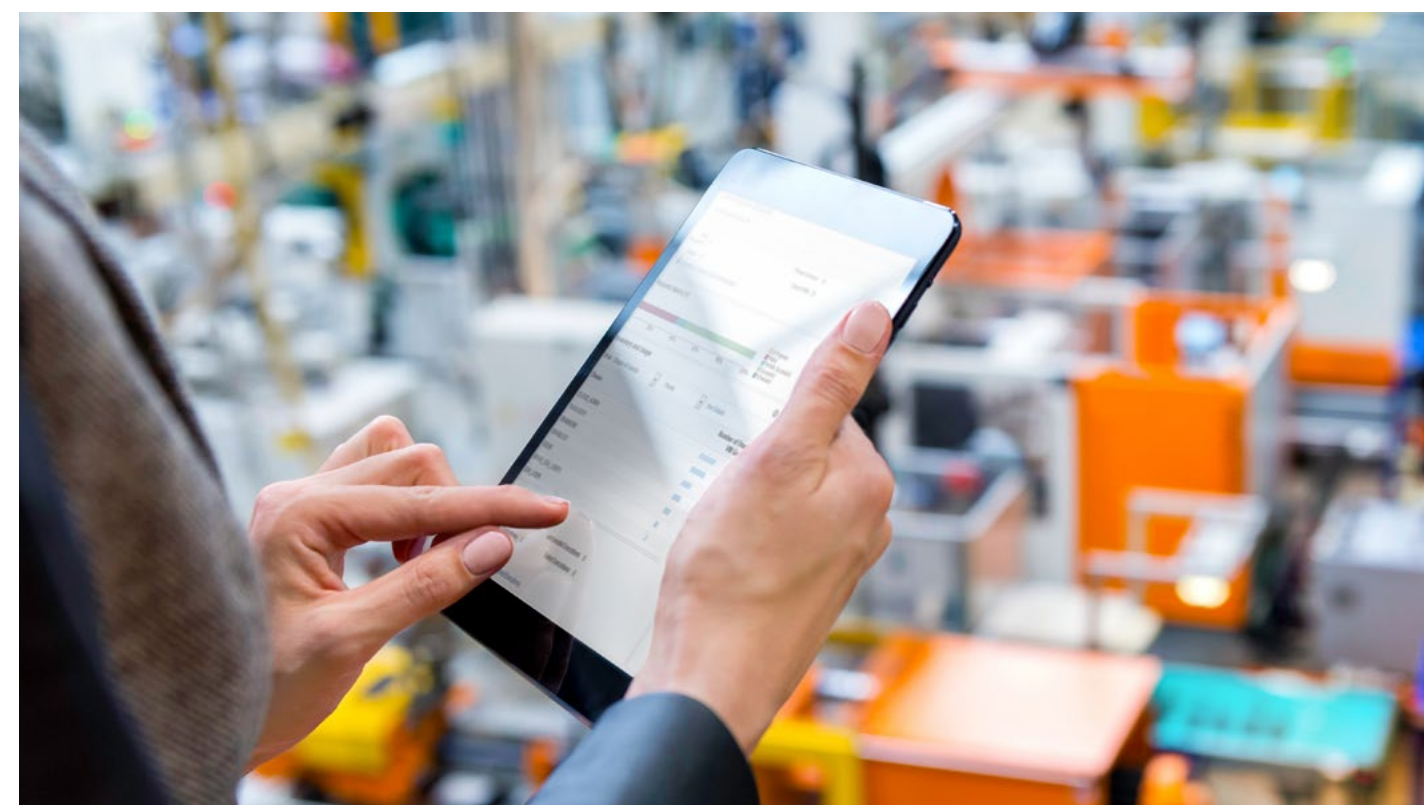
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Challenges and Pain Points

Today, most mid-office processes still require some manual intervention and data input from various individuals and sources. This disconnect slows processes, drives up costs, and precludes visibility into critical corporate banking functions, from initial capital funding decisions to line of credit expansion, and more.



How is Oracle Addressing This

Oracle enables corporate banks to leapfrog these challenges. We've integrated mid-office solutions and process management around trade, credit, and collateral to deliver greater process efficiency, expanded transparency, and the insight needed to help the corporate make the most of its capital.

The End Game

Consider a credit decision. There are numerous data points to aggregate. Some reside on spreadsheets within the bank. Other data, such as insight on a client's history or future plans, may be locked in the mind of a banker. Then, there's external data, such as the corporate's balance sheet from the most recent quarter and analyst insight on future corporate, industry, and sector performance, to name just a few. Public sentiment on the company from social and traditional media might also be factored in.



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The ability to automatically aggregate all of this data and manage the process in a single decision platform yields several important benefits: faster time to decisions; more accurate decisions, which, in turn, reduce risk for the bank and are more cost-effective for the corporate; lower operating costs due to reduced manual intervention; and expanded institutional knowledge that can guide future decision-making.

Trade finance is also ripe for process automation. Typically, banks have centralized this function, and established service level agreements (SLA) for officers. The operations manager requires a real-time, bird's-eye view into progress across various accounts and initiatives. A consolidated dashboard can deliver this insight at a high level and then enable the manager to drill down into a bottleneck to address issues—much to the delight of the client and relationship manager.



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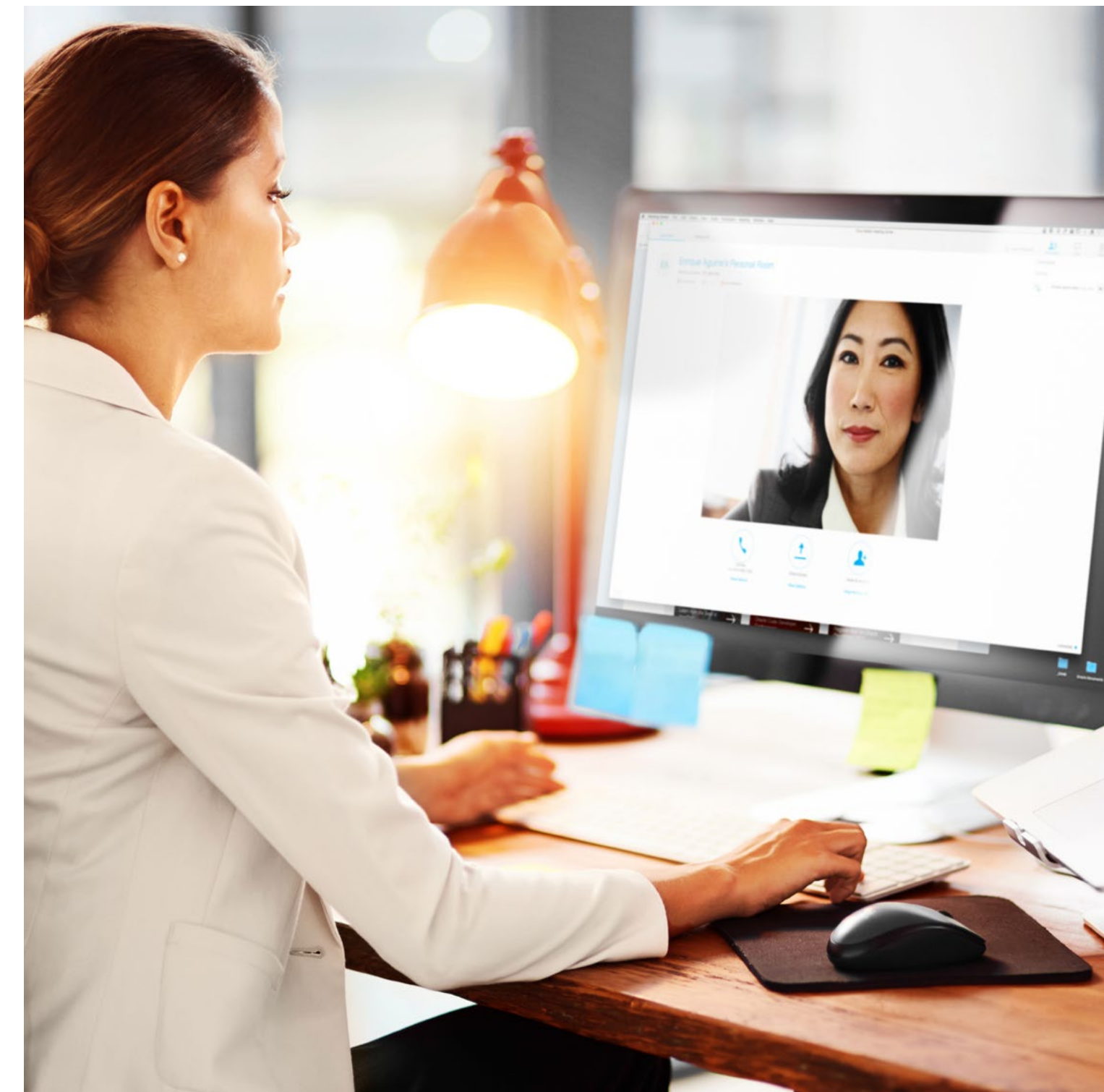
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Corporates are eager for new offerings that meet their unique needs and changing expectations. Digital banking capabilities are an obvious example. These technologies empower banks to deliver new levels of actionable insight, such as a global view of all cash and liquidity positions, the impact of FX movements, supply chain finance, and regulatory changes, that—when managed actively and effectively—can have a positive impact on a corporate's bottom line. They can also provide powerful self-service capabilities to corporate clients, increasing convenience and transparency.

Challenges and Pain Points

The potential is great, but banks are not moving fast enough to keep pace with client appetite. The Global Treasury study revealed “pent up demand for digital ⁷, ‘best-in-class’ products and services—but banks are failing to deliver.” Approximately half of corporates say this is very important to them, but only 8% of banks are providing these services.

⁷ <https://www.theglobaltreasurer.com/wp-content/uploads/2019/12/CGI-Survey-2019-FINALFINAL.pdf>



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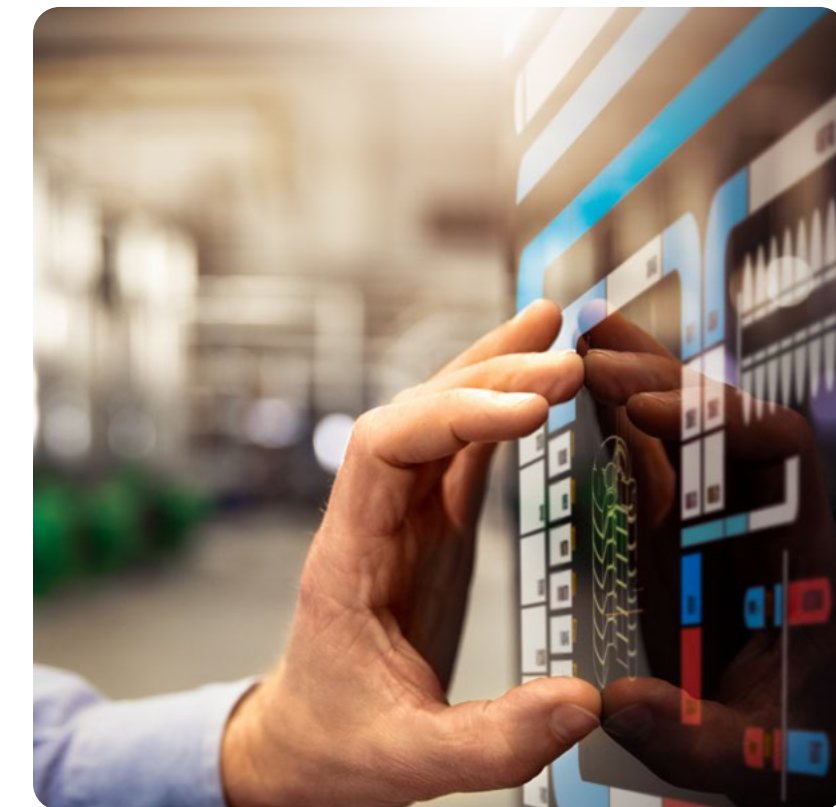
How is Oracle Addressing This

Oracle is empowering corporate banks to meet these challenges head on. Banks can map their own journey and proceed iteratively to reduce risk. We also deliver flexibility so that corporate banks can tailor their offerings to a customer's unique needs.

For example, Oracle is working with a large financial institution to help its corporate customers improve liquidity management between their entities and reduce inter-entity, cross-border payments costs. The bank is using distributed ledger technology, powered by Oracle solutions, to complete internal book transfers of cross border-payments using

digitized cash, dramatically reducing payments costs associated with the Swift network. International locations can also exchange that digitized cash among themselves.

In another instance, Oracle enabled a bank to create a chart of accounts in the core banking application that mirrored the one in the company's enterprise resource planning system. This process led to easier reconciliation and better visibility into the corporate's cash positions.



These are the types of innovative solutions and value that today's corporate's demand from their most trusted banking partners. Oracle delivers them today.



Building Solutions That Deliver

Oracle built its corporate banking solutions from the ground up with the bank and its customers at the center of every decision. Our pillars for success include:



Oracle wants to make things easier for the banks to consume. Instead of delivering a single monolithic solution, we created components that deliver ultimate flexibility. **Banks can easily integrate our solutions with third-party legacy systems, thereby extending the firm's investment.** For example, a bank can have a third-party lending platform and run Oracle for lifecycle management. This approach enables banks to gain efficiencies more quickly and proceed iteratively. **Oracle's componentized solutions span credit, trade and supply chain, cash and liquidity, and treasury.**



We have re-architected our solutions on micro-services. As part of this initiative, **we looked at specific roles/ personas and how we can bring greater efficiency to key personas**, such as the relationship manager, credit officer, corporate treasurer, and more. This is unique to our solution.

We also have pursued an **API-first approach**. Oracle Banking provides an extensive set of **ready-to-deploy corporate banking APIs**. Banks can instantly leverage an open-banking technology framework and eliminate the cost, time, and effort of building APIs from scratch. Built on RESTful services, the API framework can be deployed in days and readily connected with existing systems at the front and back end.



Oracle is committed to giving its banking customers the flexibility to deploy solutions how they want, offering options for on-premises as well as cloud environments.

Oracle Banking Solutions at Work Today



Optimize corporate financing and mitigate business risks

Gain support for the entire credit and loan lifecycle, from customer onboarding to credit management and loan processing. Meet all types of financing needs and participate in syndication and secondary loan trading to balance loan portfolios. Lower credit risk and optimize credit and loans at every stage of your customer's business.



Offer real-time cash and liquidity management

Enable corporate customers to gain real-time visibility into their global cash and liquidity position, and help them manage working capital more effectively. Easily define complex account structures for corporate customers operating in sophisticated group structures.



Enable smarter trade finance operations

Manage a wide array of trade finance products such as guarantees, documentary credit, bills, and documentary collections with predefined, automated process workflows and user-modifiable

process workflows. Engage digitally with corporate customers in real time, scale operations rapidly, and gain end-to-end visibility into customers' trade finance transactions.



Manage deal pricing with predictive capabilities

Increase profits by enabling relationship managers to optimize the deal process, control price erosion, and consistently make better pricing decisions on every negotiation.



Provide customers with a truly modern banking experience

Oracle Banking Digital Experience enables banks to offer corporate banking customers a channel experience on par with retail banking.

Corporate customers can approve transactions on the go via wearables or mobile. Persona-based dashboards are custom-designed to fulfill requirements of corporate executives, approvers, and financial controllers.

Oracle Corporate Banking Ecosphere – Why Oracle for Corporate Banking?

Oracle’s corporate banking solutions enable banks to respond instantly to customer needs, offer a differentiated value proposition, and build a financial ecosystem that fuels corporate customers’ rapidly expanding value chains.

We’re Different:



Breadth

- Automate the broadest spectrum of the corporate banking lifecycle
- Own disk to apps and all levels in between



Componentized

- Start anywhere and go everywhere
- Persona-based design



Flexibility

- On-prem or in the cloud
- APIs to support open banking



Real-world Experience

(Seek updates stats on market firsts, 10 of top X run Oracle Corporate Banking Solutions)

Oracle Recognized as a Leader for End-to-End Corporate Banking Solutions – IDC MarketScape: Worldwide End-to-End Corporate Banking Solution Providers 2019 Vendor Assessment

Corporates look to their banking partners to deliver unprecedented value as they navigate these turbulent economic times. Automation and digital transformation, when focused on advancing clients’ primary business objective making—their money work harder—can set a solid foundation for strong and profitable corporate client relationships for years to come.



We're taking working capital clarity to the Cloud

with a suite of solutions that unlock the true value of your relationships

From faster commerce to faster payments, speed has been a defining factor in building seamless, on-demand customer experiences. And nowhere is that need more critical than with your commercial clients. Become their working capital hero and help them get a grip on the working capital they need.



Virtual Account Management on the Cloud

Help your clients re-imagine a leaner treasury and conquer account complexity.



Liquidity Management on the Cloud

Bring the power real-time transparency to liquidity management.



Supply Chain Finance on the Cloud

Give your clients the tools they need to maximize the value of their supply chain and facilitate an efficient flow of capital.



Why the Cloud?

- Instant impact – get up and running in minutes and bypass intensive implementation timelines
- Bring the solutions that matter to your clients to market faster
- Near-zero downtime and always on updates
- Pay only for what you need with usage-based pricing
- Continuous, world class security and compliance

Let's Get Started



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Digital Roadmap: Accelerate the Digitization of Corporate Banking
November 2020

