



Using Account Analysis To Enhance Commercial Offerings

small business business customers

Summary: As financial institutions seek to enhance relationships with business clients and increase revenue generated among this group, one area they should focus on is stepping up the analytical tools they provide. We discuss areas CFIs should focus on to level up their account reporting capabilities.

The story of “The Tortoise and the Hare” traces its origin to Aesop, an enslaved person and storyteller in ancient Greece. The tale of perseverance and hard work has stood the test of time, first published in English in the 15th century and recounted countless times over the years since. The story of how a slow tortoise manages to win a race against a speedy hare, despite his own struggles to move quickly, is familiar to most people and has come to symbolize the importance of determination and tenacity.

As financial institutions (FIs) work hard to meet the needs of commercial clients and keep up with the offerings of nontraditional competitors such as fintechs, they should consider taking a page from the tortoise and focus their efforts on steps that can be taken to better serve business customers.

Industry Weaknesses

According to “It’s Time to Reinvent Account Analysis,” a recently published white paper produced by SunTec Business Solutions, American Banker, and Arizent Research, 97% of FIs feel pressure to improve the services they provide to business customers, but they are slow to take the necessary steps to modernize their account analysis offerings.

According to the report’s findings, some of the main areas of concern where FIs can step up their deliverables to meet the needs of business customers include:

- Error-free billing
- Competitive pricing
- Real-time account balance information
- Higher rates for corporate earnings credit
- Enhanced statement analysis capabilities
- Green-ECR/Carbon offset and ESG features within analysis tools
- Monetizing API connections and providing banking as a service (BaaS) offerings

For example, though 60% of FIs are cognizant of the value of real-time account information for corporate customers, a only 41% of them meet customers’ needs in this area. Meanwhile, 45% of banks acknowledge that their current account analysis functions are frustrating for business customers.

“Account analysis cannot be overlooked as just a pedestrian billing or reporting solution. It holds significant strategic importance in and value for the banking industry, especially as corporate treasury teams seek better ways to manage cash across multiple banks and jurisdictions,” says Nanda Kumar, SunTec’s CEO and Founder, highlighting the importance of more sophisticated account reporting and analysis tools for FIs.

Focus Areas

One significant hurdle toward modernizing account analysis offerings is recognizing the very need to do it: 46% of bank respondents indicated that they don't see their current processes as outdated. There is a general underestimation of how valuable account analysis tools can be for retaining and gaining new business customers, especially if there is a misunderstanding of how robust account analysis features can be.

Some practical applications of updated account analysis would include:

- Real-time, actionable data and daily balance information, versus quarterly or annual statements
- Automated annual renewals and adjusted pricing for corporate services
- Single account access with virtual sub-ledgers to simplify recordkeeping and reporting

More sophisticated analysis systems can even incorporate ESG-specific measures and data that are needed by commercial customers for ESG and carbon offset analysis. While timelier and tailored reporting is a good way for FIs to enhance their appeal to business customers and strengthen ties to this group, it also promises an additional revenue stream. FIs can charge for additional, more targeted reporting as a service. Consolidating through connected account analysis also reduces the number of accounts that require monitoring and can help lower compliance costs.

In order to incorporate the aforementioned account analysis capabilities that business customers are looking for, FIs need to focus on enhancing and modernizing the analytical capabilities they provide. At present, 36% of FIs admit that their account analysis features lag behind other processes, which is also often due to limitations surrounding legacy systems.

By recognizing the need to upgrade outdated systems and implement modernized account analysis capabilities, FIs can gain a competitive edge over nontraditional lenders for business customers. Billing statements may not seem like a flashy feature that would attract businesses, but the addition of enhanced analytical features and real-time information can be major assets for corporate clients. This will not only keep those clients from moving on to competitors but could even mean new income streams.

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ECONOMY & RATES

Rates As Of: 08/28/2023 10:18AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	5.61	0.06	1.19
6M	5.61	0.08	0.85
1Y	5.43	0.07	0.73
2Y	5.04	0.16	0.61
5Y	4.43	0.25	0.42
10Y	4.23	0.27	0.35
30Y	4.30	0.29	0.34
FF Market	FF Disc	IORR	

5.33	5.50	5.40
SOFR	Prime	QBER
5.30	8.50	5.31

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