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Supercharged banking relationship manager (RM)

How emerging technologies can boost RM effectiveness
and deliver hyper-personalized client service

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IndustryAdvantage™ Series for Banking and Capital Markets

Sector-driven, cost-minded, future-forward


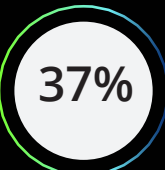

IndustryAdvantage is how Deloitte puts domain experience into action, helping you to identify challenges, envision the goal, and create a roadmap that you can follow. Learn more about how we help banking clients make impactful decisions with limited resources and make strategic technology investments that can help them shape the industry's future.

Introduction

Emerging technologies offer exciting new potential to commercial banks—but it's critical to bring sector insights into the process of investing in technology so that those resources deliver the highest return to the business. To unlock a potentially enduring competitive edge, consider the future of banking and look to that critical piece of the value proposition in banking revenue and serving clients: the relationship manager (RM).

Strategizing for the RM of the future

Key stats reveal gaps—and potential—in the relationship manager (RM)–client dynamic:

Commercial banking today	The industry's future
 <p>70% of commercial banking clients ranked customized solutions and products as their top priority.</p>	<p>Businesses are only getting more complex and global, and their banking needs are poised to remain complex as well. Customization is a human-intensive process, requiring close working relationships, knowledge, and trust.</p>
 <p>37% of commercial banking clients said their relationship manager actually understands their wants and needs.</p>	<p>The “understanding gap” represents a vulnerability—or potential—for commercial banks. Those who close the gap stand to benefit.</p>
 <p>82% of RMs ask for insights and technologies to customize solutions for clients and serve clients.</p>	<p>RMs are hungry for technology that supports their primary goals of advising and servicing clients.</p>

Source: Deloitte 2019 US Commercial Banking Client Survey.

Commercial banking today and its (human-centered, tech-supported) future

Commercial banks should offer the breadth of financing, commercial lending, global trade, and cash-management products that commercial clients expect; the platform is “table stakes” today.

Once a bank is at the table, its success often comes down to its relationship managers. The commercial banking market hinges on human relationships, and that effect is even more pronounced for small and medium-sized enterprises.

In a recent Deloitte survey, 70% of commercial banking clients ranked *customized solutions and products* as their top priority.¹

“Custom” signals human involvement, an important note in this increasingly digitized business environment. Businesses that use commercial banking services are often global and complex. They depend on their bank’s relationship manager to connect them to, or to customize, solutions that best fit their business.

The RM–client relationship can be a deep-seated one. From Deloitte’s research, 81% of banking clients said their relationship manager is their preferred point of

contact at their bank—and respondents said that it’s especially appealing to have the services of a senior manager or influencer at the bank.² High-performing RMs go well beyond a sales role, acting as an adviser to business clients and working with them to understand and address business needs. Yet, only 37% of commercial clients say their relationship manager actually understands their wants and needs.³



Banking clients depend on a connected relationship manager

Clients' preferred point of contact

Relationship manager

81%

Dedicated support staff

44%

A subject matter expert on a specific product or area (e.g. trade finance)

38%

Treasury management salesperson

26%

An underwriter

13%

Other

1%

"[I want] a close relationship with the most senior manager and influencer in the bank."

Source: Deloitte 2019 US Commercial Banking Client Survey.

Meanwhile, some RMs are exploring technologies that can generate insights, from customizing client solutions to accelerating the curation of products and services following an initial client meeting. Our research shows 82% of commercial bank RMs are asking for more of this support.⁴

These factors suggest a future for commercial banking where the RM remains critical, but there are gaps and opportunities that emerging technology can support. For banks, the stakes are high; normal turnover in client and RM assignments will likely pose disruption to established working relationships. An aging senior executive workforce could

introduce even more turnover in the years ahead. Meanwhile, rising tech-oriented clients enter the commercial market every year with different expectations for their client experience. Commercial banks that invest now could gain an edge amid these ongoing changes, and the RM should be a key priority as a driver of competitive advantage.

Taking a modular approach to turbocharging RMs

Turbocharging the RM with better analytics, insights, and tools can offer high returns—but changes to technology infrastructure are often costly and time-consuming. A modular approach can help banks put these ideas into action far faster and at lower cost.

Three technologies can bring these strategies to life: APIs, artificial intelligence (AI), and alliances, which we think of as “AI+.”

APIs are often a crucial starting point for sourcing quality data from multiple legacy systems. This kind of software, known formally as an application programming interface, is simply an intermediary program that can interact with other software systems to retrieve data or inputs. If you wanted to build a RM dashboard, you might be collecting data from five or 10 separate systems internally—calendars, back-office data, document libraries, accounting reports, or other technology systems. Integrating external data sources can allow banks to deliver insights-based actions such as pricing strategy, impact on credit due to currency volatility, or impact on client discussions due to adverse media findings.

AI, including generative AI (GenAI) is another arrow in the modular-tech quiver. This technology can be used to generate reminders and ticklers for upcoming maintenance actions, to calculate predictive analytics about sales activity for cross-selling initiatives, or to offer guidance to the RM on solutions and services that could be beneficial for clients. It could proactively assess client needs, using media headlines and signals from financial statements to anticipate financing decisions. It could even help with lead generation or prequalification in prospecting, shifting RM focus to activities that go beyond administrative tasks.

Alliances are the third zone to explore, pulling on experience and technologies from across your relationship ecosystem. For some banks, existing vendor or partner technology may contain certain forms of data that would be useful in painting a full picture of the client’s status and needs. Existing sales and servicing technologies like a CRM (customer relationship management tool) already contain crucial data for such efforts. Putting this data to work does not need to be complex and costly. As you consider ways to apply modular tech, remember to build on the existing and potential functions of the data that your vendors and partners have.

Modular technologies for turbocharging RMs



APIs



AI



Alliances

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Three ways to think about turbocharging banking RMs

Using these three technologies—APIs, AI, and alliances—commercial banks should be strategic about the functionality that they develop to work toward a “turbocharged” RM of the future. Here are three workflows that demonstrate upside in the investment.



Boost tech-driven functionalities in the RM's day-to-day workflow

When considering a strategy for investing, remember the core nature of the RM at the bank. Suppose your RMs each have 100 client relationships. Using Deloitte's 2019 US Commercial Banking Client Survey data as a proxy, suppose that, on average, 37 of those 100 relationships are deep, high-functioning relationships. These are cases where the RM knows the company's near- and long-term goals, knows the various personalities in management and decision-making, and knows the political and logistical challenges of the organization. In these deep relationships, the RM can be a true adviser, in everyday interactions and in "moments of truth"—when the client is

facing a key decision, issue, or opportunity that involves their finances. An RM, when armed with the right information, can be asking:

- What financial services does my client need based on their current financial situation and strategy and the business environment?
- What should I recommend to my client for financing needs?
- How can my client optimize their balance sheet?
- Do I or my bank have partnerships in a new region that can help a client?

There are other "low-hanging fruit" opportunities in everyday workflow that emerging technologies can support. For example, think of the way that an RM's workflow is frequently interrupted by travel and client interactions. When an RM forgets to record the outcome and follow-up for a meeting or interaction, there can be delays and missed opportunities to move clients forward in solutions. Technology could support these fallibilities in human work management.

Turbocharging RMs with insights so they can deepen relationships

Thirty-seven percent of commercial banking clients say their RM really knows their needs and wants. Strategic technologies could help RMs increase the share of clients who have a deep relationship—a foundation for providing real insights and advice.⁵



Supercharged Banking Relationship Manager (RM)

Each RM will also have a share of more distant client relationships. In these cases, they have incomplete information about the client. They may still be building trust with the management team, or they may have gaps in their knowledge of the company's strategic or financial developments.

Now imagine that your RM has a new suite of real-time analytics to fill in these information gaps. For example, what if your RM could pull up a smart dashboard

on each client, instantly viewing upcoming meetings and milestones, current status across product usage, and even news updates on the company and its industry? What if GenAI technology could see all of these dynamics and suggest products or solutions that would fit the client's needs or could respond to RM inquiries about the client's banking activity?

A skilled RM is manually tracking all of these dynamics with their top-tier clients. Now, with minimal legwork, the same

array of useful data could be accessible for the RM to learn more about their less-connected clients. Thus, even in a brief interaction with a client, they might be able to inquire about the effects of recent competitor news or an industry trend. Ultimately, such technologies could help them anticipate and advise more proactively.

APIs and AI could deliver real-time insights to equip the RM

The screenshot shows a 'Relationship Manager Dashboard' for a client named 'Max Auto'. The dashboard includes sections for 'Loans (4)', 'Documents (21)', 'Risk Level' (Low), 'Relationship Value' (45), 'Total New Opportunities' (6), and 'Recommended Products'. Three callout boxes are overlaid on the dashboard:

- Current status of all products & services at the bank:** A table listing four loans for 'Data Center Rebuilding - Left Wing' with varying balances, rates, and durations.
- Upcoming meetings and milestones across the bank:** A list of tasks for '28 FEB 2020' (FRIDAY), including meetings with Dave Steward and Cindy, and document uploads.
- Real-time, relevant industry and company news:** A section titled 'Auto Industry Insights' featuring news items like 'California takes lead on Electric Cars', 'New Wave in the Auto Industry', and 'Energy Efficiency with Green Air Technology'.

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Ramp up the role of emerging tech across the full spectrum of the client's experience

Another way that new tech could be deployed to deepen relationships is to better capture the client's touchpoints across other functions at the bank, creating more continuity in both the client's experience of the bank and the RM's knowledge of those interactions.

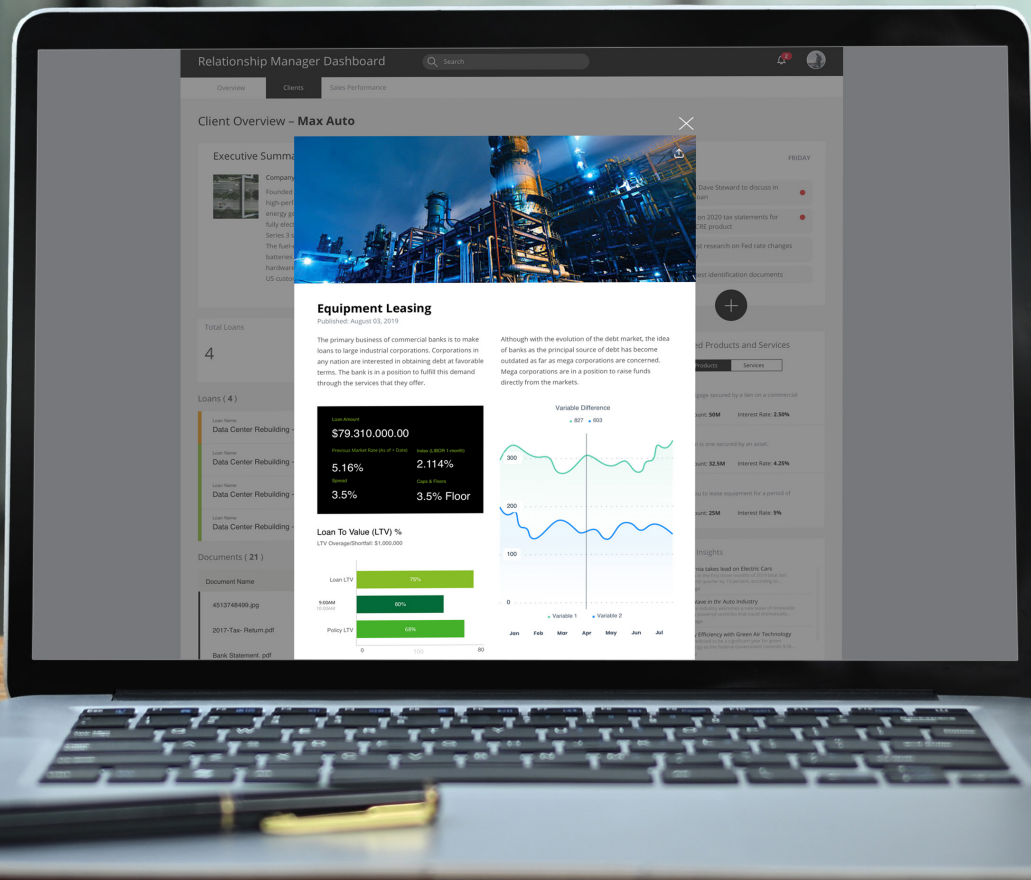
The client interacts extensively with many areas of the bank, such as account maintenance interactions like submitting paperwork for covenants or back-office functions related to disbursement. These interactions may or may not be known to the RM and to the bank's management team, but they are important to the

client's experience of the bank's service and brand.

Strategic technology can help transform the client's compartmentalized action into a full life cycle view for the RM, revealing useful opportunities or flagging emerging issues. For instance, perhaps an administrative bank employee learns through a client interaction that there was a recent material event in the client's operations. If that data is accessible in a timely way to the RM, it could prove to be a pivotal opportunity to deliver advice to the client.

A full-spectrum view can also help your RMs to see wallet-share opportunities. Smart analytics—driven by the data from APIs and the functionality of AI, for instance—can flag opportunities to expand products and services, package offerings together, and even initiate the workflow, such as documentation, to onboard a client to additional services. These technologies could even rank wallet-share opportunities, helping RMs see the most profitable way to allocate their time.

Analytics can reveal and rank wallet-share opportunities



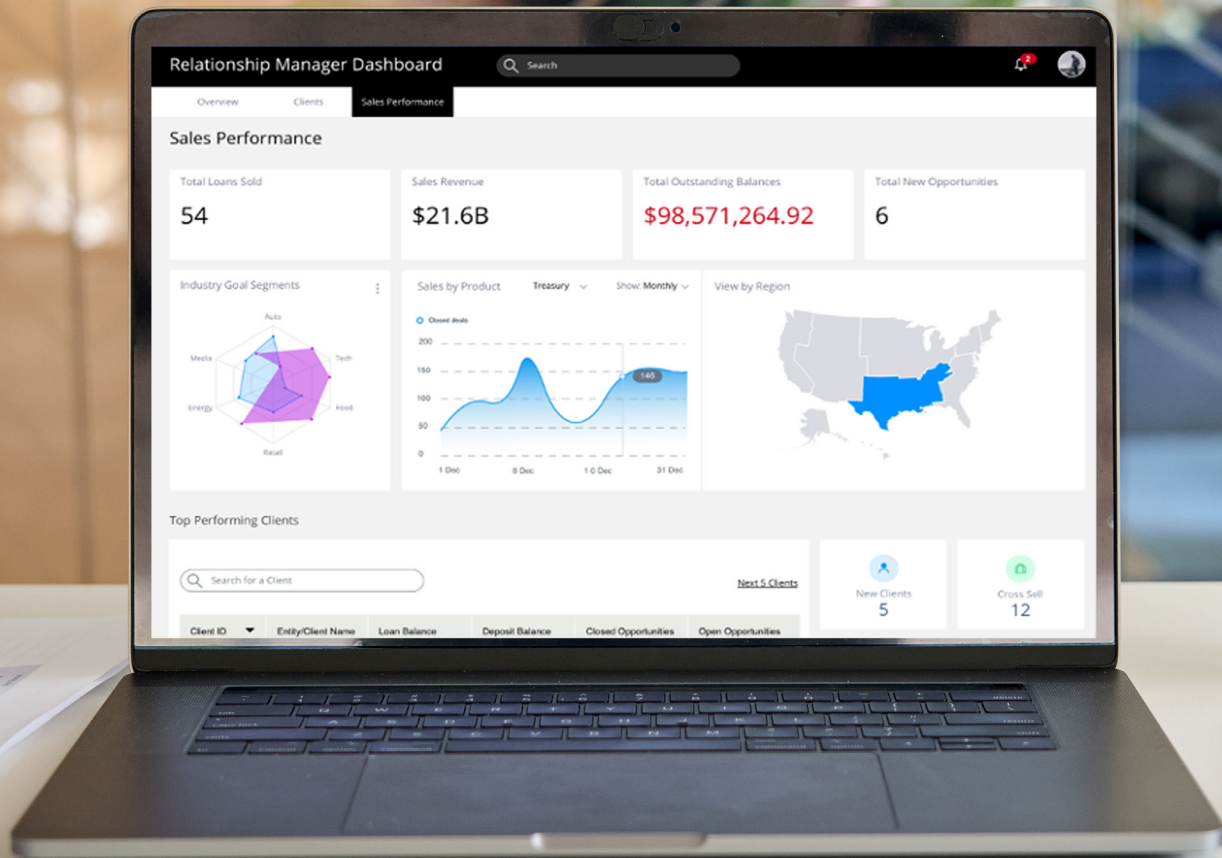
3 Turbocharge team managers with emerging tech

APIs, AI, and alliances can also be used to deliver strategic insights at a team manager level—both for the RM looking to manage their own efficiency and process and to managers evaluating regions or teams of RMs.

Real-time data could show an RM new metrics about their relationships in aggregate. For instance, they could see metrics on their current pipeline, with opportunities quantified and ranked according to revenue or wallet-share potential. They could evaluate their performance, viewing metrics on recent and average sales cycles, regional win rates, or sector performance.

Likewise, team managers could use these insights to assess performance trends across RMs, regions, or sectors. They could even use data to model out missed opportunities across their sales team—stats such as the incentive compensation that would be connected to a cross-selling opportunity identified or flagged by emerging technologies. As RMs manage the high workloads of their days, such opportunities might not be immediately obvious to them. Technologies for tracking individual sales compensation could ultimately result in higher motivation across sales teams.

Using modular technologies to arm managers with productivity insights





Case studies: What a turbocharged RM could look like in action

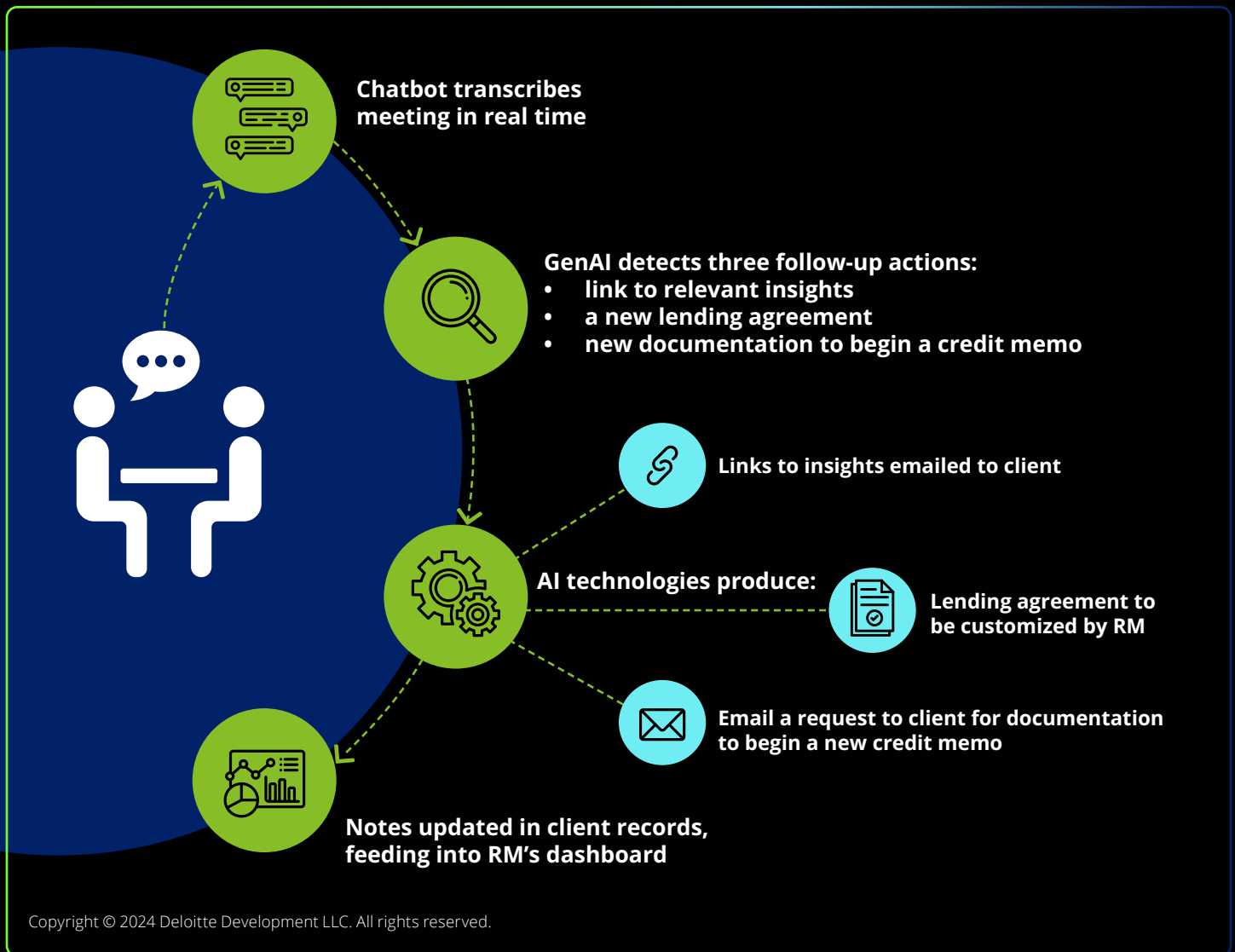
Here we offer some specific scenarios where these ideas could come to life in a way that supports a competitive strategy of boosting the performance of relationship managers.

Turbocharged RM in action: A chatbot copilot to anticipate and prepare materials in real time

Here's an example of how these technologies could come to life. An RM is in a client meeting. A chatbot, a GenAI function, listens to the meeting, creating notes and actions as it unfolds. During the meeting, the chatbot registers two needs: insights and a lending product. It generates in real time a link to the relevant insights, and it also models a preliminary term sheet for lending products by

sourcing client financial data from the client's 10-K and other publicly available financial sources. It can also request documents to begin the credit memo—all during the meeting. The RM can begin to address these client needs in real time, rather than returning at a delay, to have those important discussions later.

Turbocharged RM in action: How GenAI could support RM activities



Turbocharged RM in action: Generating advice even as the problem is taking shape

Suppose a banking client often spends 10% to 15% of their work hours liaising with their bank RM and an assortment of administrative and logistical contacts at the bank. This week, they're submitting documentation related to standing covenants and coordinating a repayment schedule for a new loan. Then comes an important industry development—two of their strategic competitors are merging. This news upends the firm's decision-making about upcoming capital investments as they reconsider acquisition possibilities instead.

In today's environment, when their RM checks in, the client normally spends some of their time debriefing on these

various bank interactions and dynamics. However, in a "turbocharged RM" environment, the RM can be well aware of all of these developments, including the industry news, before the next client conversation. When they do interact, the RM is ready to speak about the bank's latest pricing to support financing for acquisitions, rather than having to react to an information-gathering conversation and prepare a separate pitch for another conversation. The client has useful information about their financial options to go back into the strategic discussion happening at the firm. Their most valued banking service—advice—was ready even as their problem was taking shape.

Turbocharged RM in action: Boosting the share of deep client relationships

By using modular technologies to generate valuable analytics and insights, banks can potentially increase the productivity of each individual RM.

Returning to our earlier illustration, an RM today might have 37 high-functioning relationships in their portfolio of 100 clients. But useful insights could

increase their reach, boosting their high-functioning count to 50 or 60. They might be able to spend less time on administrative tasks, low-value prospecting, and information gathering, moving their attention to more high-value prospecting and cross-selling.

Conclusion: Putting more powerful tech behind your critical human team

At a time when technology is moving quickly, it can be an overwhelming process to allocate resources. Don't lose sight of the larger dynamics happening in commercial banking, an industry that is incredibly competitive yet one that must accommodate legacy technologies, high regulatory requirements, and a tendency toward risk-averse decisions.

Commercial banking in the digital transformation era

We pose five key points about using technology investments for consideration to help unlock a potentially enduring competitive edge in commercial banking:



Human-centered

The relationship manager will continue to play the dominant role in growing and retaining commercial banking revenue.



Modular approach

Think modular, using APIs, AI, and alliances to supplement existing sales and servicing tech and operations infrastructure.



RM's day-to-day view

Supercharge the RM with better data-driven insights so they can deliver better advice and service to clients and prospects, particularly at "moments of truth."



Client life cycle view

Capture opportunities across the client life cycle, from lead generation to offboarding, to deepen the institutional relationship as a trusted adviser.



Management view

The same tech approach can bolster team- and region-based insights into productivity, opportunities, and weaknesses.

Conclusion, cont.

Commercial banking revenue and growth will continue to be deeply dependent on relationships, as banking services and lending products are complex and customized to commercial clients. Modular technologies, including APIs, AI, and alliances, can be potent boosters to relationship managers when used in a strategic and future-oriented way. Banks that use these technologies thoughtfully have the power to boost the effectiveness and reach of their RMs, deepening client relationships and delivering more of the most powerful service they can offer: advice.

These ideas are just the beginning. APIs, AI, and alliances could be deployed in other ways to add value to a bank; portfolio management is another process where the opportunities are deep. In fact, the potential for these technologies exists throughout the value chain. For instance, much of the time spent by RMs on documentation could ultimately be redeployed to higher-value activities like cross-selling. The key to unleashing this potential lies in the bank's approach. Those who prioritize a technology-driven solution are expected to lead industry peers in an era where turbocharging RMs is an achievable goal.



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¹ Deloitte, 2019 US Commercial Banking Client Survey.

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

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