



Improving Bank Relationship Management

Glen Solimine, Speranza Systems, Inc. - 19 Feb 2007

This article explains how global companies can take an advanced approach to bank relationship management and update archaic bank administration practices to improve the efficiency of corporate treasury management.

Off the top of your head, can you quickly name one business process that has not improved or become at least slightly more efficient with the rapid advance of technology in the past 20 years? Yes? Anyone involved in corporate treasury management knows that bank account administration practices remain archaic even in this digital era.

It is astonishing that - even with the risk of large fines and lengthy prison terms - most companies worldwide rely on manual, paper-based, highly exposed and inefficient processes to open and maintain bank accounts and signers. The problem is most acute in companies with a large global bank structure, where one signer can have authority over hundreds of accounts at multiple banks in multiple countries.

Moving Forward

One reason so many companies resist modernizing is the number of 'moving parts' that need to be controlled, including changes in legal entity status, bank or account status, the signer's employment status, and changes in regulatory and reporting requirements. How can a company effectively manage these ever-changing details internally, while simultaneously communicating and confirming these changes with their banking partners?

Of course, one first step is to better document the manual process and improve controls over the way the paper trail is handled. Arguably, the result is increased safety, but the cost of these controls means a reduction in efficiency.

But that's just a start. In the words of Benjamin Disraeli, "there can be no economy without efficiency." Companies are starting to recognize the compelling advantage of developing a comprehensive, proactive approach to managing their bank relationships. And that means viewing banking processes as an important tactical business responsibility rather than a series of disjointed clerical tasks.

On the surface, opening an account is fairly simple:

- Decide what services are required and the optimal location.
- Choose the appropriate bank.
- Gather all of the appropriate documentation, approvals and signatures.
- Send the package to the bank.
- Confirm the account is open and all of the services are active.
- Monitor account, services and signers.

This apparent simplicity, however, is belied by the sheer magnitude of the banking network of some global companies, making relationships cumbersome to manage, and co-ordination between field offices and headquarters often very difficult.

An Overwhelming Challenge?

The ability to monitor the complete banking network centrally would help companies detect and resolve fraud or other issues at an early stage but the challenge of improving this process seems staggering. In addition, inertia is a stumbling block, especially since banks have historically accepted only paper documents and wet signatures. That situation is now changing.

New solutions align people, processes and technology to ensure a common goal: a secure and auditable banking structure that is efficiently administered. Processes for opening, closing or changing accounts and or administering signature authority, which have typically been 'people and paper' based can now become systems that intelligently capture and route the information and create the necessary documentation and approvals along the way.

It makes sense. Rather than being paper pushers, treasury professionals should have the tools they need to gain a 360-degree view of their bank relationship, tools that give visibility over bank services, fees, contacts, meetings, credit ratings, service scorecards and transaction volumes. With these new tools, a treasurer can empirically decide who the most important bank partners are, and negotiate with each of the banks in the network accordingly.

The term for this is 'process-based bank account administration'. Using this method, the people who have been delegated the appropriate authority can manage and communicate all account and signatory changes with their banks. Incorporating digital identities and digital signatures with the bank administration system extends the value proposition by removing the need for paper, wet signatures and drawers full of documentation. Requests to open, close or change accounts and signers, or for audit confirmations, can be transmitted to banks online in a secure, non-repudiateable format in a fraction of the time. This end-to-end process results in improved compliance, reduced operating costs, and enhanced security.

Conclusion

By taking an advanced approach to bank relationship management, global companies can judiciously choose which banks to work with and intelligently route information both internally and externally, based on defined processes. Approvals are defined and applied at various steps of the process and the account management documents, such as powers of attorney, certificates of incumbency, account request letters, etc can automatically be created, digitally secured, signed and transmitted to your bank online.

Best of all, these innovative systems keep a complete audit trail of who did what, when, where and why, notifying appropriate parties of what has occurred, what remains to be accomplished and what is overdue. This environment of complete control eliminates opportunities for items falling through the cracks or bypassing the established controls.

That's the goal: making all of your bank relationship and account details transparent and auditable. The benefits of such a system are greater control, reduced potential for fraud, improved visibility to banking relationships and enhanced efficiencies. When executed properly, your company can transform compliance into a competitive advantage, and you can rest easy knowing that your bank relationships are audit proof.