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Beyond onboarding: how modern customer lifecycle management solutions can boost business productivity *and* deliver cost savings



Traditionally, the focus of customer lifecycle management (CLM) solutions for financial institutions has been on the cost savings they can bring to customer onboarding and compliance processes, while ensuring that customers are safe to transact with. Although delivering cost savings remains an important facet of effective CLM, there has also been a clear shift in focus toward the benefits it can offer to the wider business. In particular, modern CLM systems are noted for their ability to deliver a frictionless customer onboarding experience and improve productivity by providing a single view of the customer while servicing the client relationship.

In this article we explore the key drivers behind these trends, and examine how today's CLM solutions can help financial institutions deliver efficiencies across a widening array of business lines.

Changing expectations

Customer onboarding and compliance are natural starting points for CLM solutions. Firms must satisfy a number of regulatory processes (such as Know Your Customer [KYC] checks) when adding new customer accounts, and the compliance department is the primary stakeholder in ensuring that the right information is collected to satisfy these requirements.

CLM solutions play a key role in making sure that all customer onboarding processes are managed as effectively and efficiently as possible. In doing so, they help to deliver significant cost savings,

both by reducing the time spent by compliance teams on onboarding, and by preventing fines for non-compliance. With high-profile cases relating to KYC and anti-money laundering (AML) failures regularly hitting the headlines, these factors will undoubtedly remain key drivers of firms' adoption of CLM solutions for years to come.

Yet there is also growing recognition of the benefits that CLM can bring to end customers themselves. Over time, as financial crime has become more complex, so too has the customer information that compliance departments are obligated to collect. Today, in developing a picture of a client, compliance teams are expected to gather increasingly varied information, such as details of corporate structure and correspondent banking relationships. In this, one of the most challenging requirements lies in identifying ultimate beneficial owners (UBOs), which requires firms to unpick complicated corporate relationships to understand who they are ultimately dealing with. With particularly complex new accounts, it is not uncommon for this process to take several weeks – pushing prospective customers away.

Improving productivity

Modern CLM systems, however, can play a significant role in making sure this process is as frictionless as possible, and that customer relationships start off on a strong footing. In addition to improving the customer onboarding experience, CLM solutions can also improve productivity and

customer interactions across the wider financial institution. Compliance departments are not alone in requiring more detailed information about customers. Other business areas and departments (such as legal and credit) also need a complete view of the customer. Credit departments, for example, need to understand the relationships between different companies from a risk perspective. As such, interest is growing in preserving the information collected about customers when onboarding them, to create a single customer view that can be used across the organization rather than just for compliance purposes.

This level of attention to servicing clients delivers a better experience for end customers in other departments, by demonstrating a more 'joined-up' approach across the organization. By paying closer attention to servicing, a CLM solution can address a client's changing needs and growth trajectory throughout their time with the organization. In this it is vital that firms respond quickly and accurately, which can only be achieved with complete visibility for various departments and constituents. This enables firms to orchestrate servicing requests, identify activities performed, receive a complete history of all upcoming due tasks, and deal with active, inactive and closed service requests.

CLM solutions with servicing capabilities also offer automation, which can:

- Control which tasks are generated and assigned for specific requests.
- Provide business-configured service requests and views of service-level agreement (SLA) reports.
- Enable clients to submit requests directly through a self-service, secure portal.
- Initiate service requests from external triggers/flags.

Continuous risk management via KYC

Also crucial is being able to manage risk in the CLM process, via robust KYC systems. The KYC process doesn't end after onboarding; rather it is continually reinforced between institution and customer as the relation between them deepens and extends. KYC can be triggered by a new or changing relationship with a customer, as well as timing (KYC data can 'expire' based on a firm's policy and events such as recent negative news).

An effective KYC process can significantly reduce false positives and unnecessary investigations, and streamline the data management of an investigation to reduce risk. The right technology can help financial institutions achieve their goals of reducing risk, improving customer service and enhancing operational efficiency.

At the core of KYC is data, which enables firms to gain a better understanding of risks and how they change over the customer lifecycle. Critical data includes information about factors such as sanctions and watchlist screening, transaction monitoring, executive biographies, company reports and credit and lending history. A customer's past actions can indicate their future behavior, and identifying, extracting and analyzing data elements can help firms to develop a deeper, more comprehensive picture of a customer's activity. Crucially, for a fast, thorough risk review, financial institutions must be able to bring together data from various sources in real time and understand the relationship between different data elements.

Modern CLM solutions – holistic, flexible, sophisticated

Given this context, it is no surprise that there is growing demand for more holistic CLM solutions that can help firms unify disparate systems and provide a single view of the customer to all stakeholders in the CLM process. Indeed, the aim of modern CLM solutions is to deliver productivity benefits across the entire customer lifecycle, rather than just ensuring cost savings at the start of it.

Technology considerations

From a technology perspective, firms have a number of key considerations when assessing CLM solutions in terms of the benefits they can bring across the entire business.

First, modern CLM solutions should offer *strong workflow capabilities* to help financial institutions define processes and allocate tasks and ownership. It is also important that these workflow capabilities are flexible and can be easily edited to accommodate changes to tasks, ownership and rights and access management. Solutions that offer a low-code or no-code approach can bring particular benefits in these areas, by enabling business users to configure workflows as required.

Second, CLM solutions should be able to *connect to multiple other internal systems*. Firms must take into account multiple data sources across the typical customer lifecycle, from customer relationship management (CRM) solutions to sanctions screening and watchlists. CLM solutions must connect to these third-party data sources and be able to present a single customer view of the collected information.

Finally, CLM solutions must also be able to *analyze external network data* to understand and map key connections between different entities (such as correspondent banking relationships) and build out a complete picture of a client. This can be an extremely complex undertaking, not least because bad actors can set up deliberately complicated corporate structures that are harder to unravel.

Appian – a CLM category leader

The modern approach to CLM for financial institutions is about much more than delivering cost savings to compliance teams and ensuring that firms have addressed all customer onboarding requirements. Instead, it is about helping financial institutions make the most of the information and data that strong onboarding processes bring, and then using this information to enhance productivity across the organization.

According to the Chartis report *Vendor Analysis: Appian – Client Lifecycle Management Solutions, 2022: Corporate and Investment Banking*, financial institutions face pressure to increase digitalization, manage more complex customer workflows, and adhere to more and more stringent regulations and business requirements. To meet these challenges, institutions have been attempting to develop CLM frameworks to achieve a more holistic and centralized view of their customers as they move from onboarding to offboarding.

As identified in the report, Appian is an important player in helping firms achieve this. In the words of Phil Mackenzie, Research Principal at Chartis, 'Appian specializes in the provision of CLM capabilities to the commercial and investment banking market, and Chartis views its built-for-purpose workflow, automation techniques and policy management as particular strengths. These factors are reflected in Appian's category leader status in the Chartis RiskTech Quadrant for CLM solutions for investment banks and markets institutions' (see Figure 1).

In addition, Appian was ranked 50th in Chartis' RiskTech100 2023 report, rising eight places from its ranking the previous year. Appian's position reflects its broad expertise, robust technology and commitment to customized solutions.



For more information on modern CLM systems and Appian's offerings, see:

Chartis Vendor Analysis: Client Lifecycle Management Solutions, 2022: Corporate and Investment Banking
(Chartis, 2022)

Vendor Analysis: Appian – Client Lifecycle Management Solutions, 2022: Corporate and Investment Banking (Chartis, 2022)

RiskTech100 2023

Appian's [website](#)

Figure 1: Chartis RiskTech Quadrant for CLM solutions, 2022: corporate and investment banks and markets institutions



Source: Chartis Research