

A Business Solution for the Financial Services Sector

A Quick-Start Solution that Provides Discipline and Consistency

IBM Software Group

Relationship Pricing for Commercial Banking Performance



Solution Description

The IBM Cognos Relationship Pricing for Commercial Banking Blueprint is a quick-start solution that provides discipline and consistency to pricing both credit and non-credit deals and helps align daily decisions with performance management objectives. It further supports relationship pricing and analysis with the ability to combine existing deals with proposed deals. Equally important is the enhanced ability the Blueprint brings to evaluating Risk-adjusted Return on Capital (RAROC) on each scenario.

These Blueprints are created in collaboration with industry thought leaders and some of our most successful customers, including 9 of the top 10 banks in the United States and Europe. Blueprints pre-populate the Cognos planning environment with common operational drivers and business structures, dramatically reducing the time required to deploy a new performance management process.

Features & Benefits

The solution enables relationship managers to conduct pricing activity at the product or facility level by customer, with multiple pricing alternatives to ultimately decide on a price that is economically sound and meets or exceeds a bank's defined earnings hurdle rates. The solution also provides a real-time profitability calculator to quickly evaluate new business pricing scenarios and their profitability impact at the facility, product or overall relationship level. The tool also:

- Incorporates existing customer relationship profitability information
- Includes key risk performance indicators such as risk-adjusted return on capital (RORAC)
- Allows managers to efficiently review and monitor RM business pricing activity
- Enables efficient administration of incentive compensation plans for deals sold by relationship managers
- Provides an administrative function to maintain a centralized pricing model.
- Deploys easily to very large user bases
- Provides an effective workflow process to support loan pricing approvals

Value Proposition

The Blueprint is built using both IBM Cognos 8 Business Intelligence and IBM Cognos 8 Planning. IBM Cognos Planning coordinates plans, budgets and forecasts across the entire institution so everyone accountable for business results has visibility into how their role supports that company's strategic initiatives and financial goals. IBM Cognos 8 Business Intelligence provides world-class reporting and analysis, allows tracking of progress against forecasts and plans, and the ability to access critical information with ease. The Blueprint provides the tools, disciplines, and industry best-practices that help financial institutions remain abreast of the latest operational metrics and business practices, while leveraging existing investments in profitability planning and risk management.

IBM Segment

- Cognos

Business Function

- Performance Management

Target Industry

- Banking and Financial Markets

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