A practical approach to automate Client Coverage

Client Coverage SaaS

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How the Client Coverage SaaS supports the breadth and depth of the Credit Life Cycle in Corporate/Investment/Wholesale banking, Insurance, Trading entities and other industries.

A Q&A with Shiladitya Gaddam, Principal and head of 'Client Coverage SaaS' Program

Abstract:

For any company with the functions Credit, Treasury, Financial Services concerning wholesale/corporate entities, considering implementation of a Relationship Management solution or enhancement of existing process and systems, Shiladitya Gaddam has developed software with complex analytics capability that specifically caters to that need. The said solution would support and perform various tasks in each phase of the Credit Life Cycle, and is designed to optimally support the Front Office, Middle Office, Credit, Back Office, MIS, Regulatory reporting, and others.

In this whitepaper, Shiladitya Gaddam, Principal and head of the Client Coverage SaaS program discusses the benefits of the suite for customers, including the software features, potential return on investment and upcoming improvements to the software.

Whitepaper:

The world of software as it pertains to Client Coverage in Corporate/Investment/Wholesale banking is fragmented and there is hardly any software which caters to the entire Credit Life Cycle.

Shiladitya Gaddam has created a toolset that caters to the entire credit cycle and his all rounded experience in the global banks has been instrumental in identifying the shortcomings and developing a solution which caters to the gap i.e. fully automated Client Coverage SaaS. He worked to develop the product following extensive research and leveraging his experience with feedback from the banker community.

This is truly a product developed 'by a banker for bankers' since he has had first-hand experience of shortcomings in the credit cycle. He explains that they have focused their efforts on creating a solution that is easy for customers to navigate and, supports administrators and business users alike with a host of other advantages.

Q. Client Coverage SaaS Insights: What does Client Coverage SaaS software offer to customers who use it?

Shiladitya Gaddam: Traditionally a number of non-interacting systems have been used across the Credit Life Cycle with areas of manual intervention in the process. For example origination process involves using one particular system to credit grade an obligor, then physically key in the credit grade in another system to arrive at the facility/collateral risk. They use another system to compute capital; and all the

outputs from each of the above mentioned processes are painstakingly put together and dispatched by physical mail to the credit (Committee) for limits approval. And thereafter the approved physical file is referred to for setting up limits in the core banking system. The archival is an arduous task where each of these approved files per each customer is stored using expensive archival solutions. If there are multiple approved files per customer, the aggregation of the storage costs across a Region is staggering. Retrieval of this information is not only expensive but also time consuming. Let us consider a scenario where a Regulator or examiner asks for additional information pertaining to a few customers. More time is generally requested from the regulator and perhaps could also warrant a MRA (Matter requiring attention) from the regulator which could have serious ramifications.

Our software supports, compliments, and integrates with the institution's Credit Life Cycle and facilitates the sub-processes/tasks seamlessly in one system thereby reducing the effort intensive work. The product offers customers accessibility and visibility into their customer KYC information, deal information, Risk data with web-based access or client based access and ease of use. The system has a number of features that include:

a. Credit rating/ Grading

b. Facility/Collateral Risk Computation

c. Capability to handle any facility or collateral covering all Cat A, Cat B and Cat C exposures

d. Capital requirement for the deals/limits

e. Targeted RWA

f. Limits and collateral monitoring

g. Complex hierarchy handling capability

h. Complex cross geography handling capability

i. Workflow system where the proposal to approval is stored including the RFE(Request for additional information) and rejections

j. Override capability with tracking

k. Administrator module where the models can be changed according to remodeled estimates l. Archival capability where all the relevant information can be accessed with minimal effort. This can be very helpful in:

i. Facility sell down / trade ii. Internal audit iii. System and Management reporting iv. Audit/Regulator reporting m. Access control is one of the most important features as account based access rights can be granted to every user n. User maintenance module helps maintain and update the accounts reassignment and change of user roles o. Policy and regulatory compliance module p. Alerts module which covers any kind of an exception (re-margining, account excess, collateral exception, for example: Stock Insurance documents not received on time, Covenant, Approval condition breach and many others)

Q: What are some of the most important considerations for clients as they implement the Client Coverage SaaS?

Shiladitya Gaddam: We put our clients first and assist them in providing a customizable solution. Some of the key considerations which customers typically have are the following: 🎬 Total Cost of Ownership (TCO) of the solution. Given the availability of fragmented pieces of software capable of handling only a sub-tsk of the Credit Life Cycle, which do not always communicate with each other, cost is a key consideration for a customer when evaluating the Client Coverage SaaS solution. The overall cost of procuring a number of softwares for each of the subprocesses and spending time and money to integrate all the pieces is exponentially higher than the 'Uni-body, all encompassing' solution, Client Coverage SaaS which would only be a fraction of the costs in the former scenario.. 🎬 Simplicity. Customers want a solution which can be used in the simplest possible manner saving time and effort. 🎬 Migration. Since most Institutions already have a partial system in place and also models to compute their risks, their entire credit process can be migrated to the Client Coverage SaaS ensuring automation of the Credit Life Cycle. 🎬 Customization to absolutely suit their environment and practice. Customization can be done for a variety of characteristics: a. Field label b. Terminology c. Models d. Approval authority e. Translation of the Institution's credit policy into system f. Access level. For example the Credit analyst may be a part of the Credit or FO depending on the bank's policy and different access rights can be provided to customer files to different users based on their role 🎬 Information Auditability. This is a key capability which customers are interested in. In very much the same way that someone who, for example sends a proposal for approval wants to have the ability to track and trace the status of a proposal and when it would possibly be reviewed and/or approved. 🎬 Interoperability with other systems. In the perfect world, every IT system should ideally have communication lines open to other systems, however in the real world sometimes it not possible to have this and users need a way for a solution such as the Client Coverage SaaS to be able to interoperate with systems to access information from various sources such as the core banking system and other external systems.

Q. What are the most important features of the Client Coverage SaaS software and how does it work with the credit environment in any Institution?

Shiladitya Gaddam: As previously mentioned, Client Coverage SaaS is designed specifically to work along the Credit Life Cycle. Its design points include a single sign-on (SSO) which provides a window into all the interoperable systems. For example the user need not open the core banking hub to check the status and usage of a certain approved limit. Instead, the user could check all the information including dashboards of product and limit utilization along with revenue realization per client – this includes:

a. Proposal, approval and archival in the same system

b. Implementation simplification for Client Coverage SaaS, especially in the areas of Limit monitoring, Monitoring, Reporting, Automation and Visibility

c. Cloud hosted solution.

d. Multi template client handling where different templates can be created based on different parameters such as Industry, Basel segment, etc.

e. Dashboards of clients (Obligor data, facility/collateral data, risk data, group, operations and other data)

f. Summary Dashboards of limit utilizations and revenue realization for each client

g. Alert Management for any exception in the system as well as the email inbox

h. Exception escalation mechanism

i. Approval authority based routing capability

Q: How does the Client Coverage SaaS help clients achieve the greatest ROI for their adoption?

Shiladitya Gaddam: Besides reducing the costs associated with deal origination and limits approval, this system facilitates pre and post-origination activities, KYC, Capital & RWA computation, Risk and other data archival considering which the ROI on the implementation is high as the users would be able to almost effortlessly perform activities like: a. Exposure sell down b. MIS (Acronyms) c. Audit d. Regulator reporting This is possible as the Client Coverage SaaS has all the relevant period data ready for users with access rights to cater to all the above mentioned requirements. Moreover this system effectively aids the Institution in their Basel-II/III compliance as the system already uses AIRB methodology for risk, capital & RWA computation for Basel-II/III compliance. Hence, data from this system can be utilized by other functions such as Finance in Capital adequacy and others too. This maximizes the ROI for any client that implements the Client Coverage SaaS. Q: Why should a customer choose the Client Coverage SaaS over competitors? What unique value does the company provide in the marketplace? Shiladitya Gaddam: Based on the initial input from Bankers and consulting executives many of the players in the BFSI space have sub-processes along the credit cycle with automation in pockets with hardly any communication or interface into the Credit Life Cycle. In that light, the Client Coverage SaaS software would greatly help the Institutions as all the functionalities can be found in this system. In other words this product is a “fully automated Credit Life Cycle tool”. The general view is that the only real competition is to the modules in this suite rather than the whole suite itself. While some System Management type vendors or products may overlap with some of the capabilities of some modules in the Client Coverage SaaS, there is no single competitor who could compete with the functionality of the entire suite. Also, the pricing of the competition in terms of license & implementation cost and subsequently integrating all of these into a single seamless system is an expensive and time consuming exercise and hence has been a non-starter. Given the pricing and capability of the Client Coverage SaaS, many institutions that wish to automate their Credit Life Cycle, would not hesitate to migrate to the Client Coverage SaaS.

Q. What is next for the Client Coverage SaaS? How is the company staying on top of the newest trends in the field? Shiladitya Gaddam: Firstly as Client Coverage SaaS grows and enhanced, so will our organization. This is one of the primary goals of our company. Having stated this, we are constantly on

the lookout for input/feedback from industry peers, representatives of institutions, prospective clients on where they may be having challenges or would like to see improvements. One only need look at where the Client Coverage SaaS has come from since inception to where we are today; this is a product that is constantly being enhanced based on customer/user/market place movements and input. We are putting a lot of energy and effort into building powerful calibration and model adjustments considering the time periods of data considered which is almost like aiming to have minimal administration and manual intervention for administration, be it for data, models, etc. Also, we are aiming to link this system with HR systems so that there is minimal user/role maintenance. Please contact us to learn more about 'Client Coverage SaaS'.