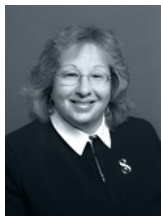


Service Quality in Treasury Management: Who Is Keeping Score?



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TowerGroup Take-Aways

- Superior service quality is the most important avenue for differentiation among treasury management service providers.
- Service-quality measurement takes several forms, each of which drives banks' and clients' behavior in a different way.
- Service-level guarantees are rarely used in treasury management, and the payment of penalties in the industry as a whole has been insubstantial.
- Banks that perform well and institutionalize the report card process gain increased customer loyalty and revenues as well as competitive advantage.
- Given the intense competition among the top-quality providers, banks must not only continually improve their product and service delivery but also improve their ability to monitor and report on service quality.

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Report Coverage

In a highly commoditized marketplace such as the one facing providers of treasury or cash management services to corporations, superior service quality is the most important avenue for differentiation. A commitment to a culture of service quality, as measured by market share, industry surveys, and reputation, is characteristic of the most successful financial institutions providing treasury management services. Service-quality measurements take various forms: customer satisfaction surveys conducted by banks, bank-established service-level standards, individual customer scorecards, and third-party industry surveys. This TowerGroup Research Note examines the practices of United States-based financial institutions regarding measurement of service quality for treasury management services and examines ways that the reporting of quality measurements drives the behavior of both banks and clients.

Background

Service-quality measurements in treasury management developed over decades. Initially, individual banks established their own categories and targets for measurement, most of which related to either timeliness or accuracy of product delivery. Banks used this information internally to monitor service quality at a product level but rarely shared it with clients. As larger clients began to put transactional business out to bid among multiple banks, comparing quality measurements became a key part of the decision process. Responding to demand from corporate banking clients for more uniformity in quality measurements, the Bank Administration Institute (BAI) worked with a group of banks to establish and publish a standard set of quality measurements, which were later incorporated into its publication *Standard RFP's for Cash Management Services*. The publication is now maintained by the Association for Financial Professionals (AFP). The measurements cover traditional Treasury Management products such as controlled disbursement, wholesale and retail



lockbox, electronic banking, depository services, automated clearing house services, and wire transfer services.

As the focus on service quality has expanded beyond the purely operational aspects of treasury management products, leading banks have added new measurements to assess the level of service provided by client service areas, sales, and relationship management functions. In addition, there is an increased focus on measuring quality in the implementation process, an area that banks often overlooked in the past. As the treasury management product set has evolved, new measurements are being developed for products such as procurement cards and remote deposit capture.

Industry surveys rating various banks' service quality, conducted by independent third parties such as Phoenix-Hecht and Greenwich Associates since the early 1990s, have provided corporate banking clients with a means for comparing service quality across treasury management providers. Although industry surveys serve an important purpose, more aggressive corporate clients have established their own bank scorecards. Clients that use bank scorecards can increase the level of attention paid by the banks to their individual needs and have an additional tool to assist in the decision process as corporations consolidate their treasury management business across fewer banks.

The Culture of Service Quality

There are profound differences between financial institutions that have embraced a culture of service quality and those that have not. The culture of service quality is characterized by the incorporation of service-quality measurements (both quantitative and qualitative) for every type of interaction with the client. No new product is rolled out without the creation of a set of appropriate quality measurements for that product. Service quality is seen as the responsibility of the entire organization, not simply a set of measurements that applies to the technology, operations, or client services units. Client, prospect, and investor communications highlight service quality as a key focus for the institution. These banks are not afraid to label their quality standards service level agreements (SLAs) and to share the results with corporate clients in the form of bank-generated scorecards. Banks that have adopted a culture of service quality know how their products and service functions measure up to their own internal quality standards on a weekly, if not a daily, basis. At these institutions, industry quality and customer satisfaction surveys are disseminated throughout the treasury management organization both as a vehicle for instilling pride in the positive results and, where needed, as a catalyst for setting even higher goals to meet or beat the scores of the competition. Continuous improvement is the mantra for these organizations as a key factor for growing the business and enhancing existing client relationships.

In contrast, treasury management organizations that have failed to adopt a culture of service quality take a very different approach to the measurement and reporting of service quality. These organizations have not accepted the aphorism, "If you can't measure it, you can't manage it." Quality measurements in these organizations are an afterthought, often incorporated into processes only as a result of high levels of client dissatisfaction or loss of business because of the poor quality of a particular product or on the basis of less than superior service quality from relationship managers, treasury management sales officers, or customer service representatives. To paraphrase a senior-level technology manager from one of these institutions: "We're too busy putting out fires to worry about generating scorecards." Quality measurements are not widely visible within the organization unless there is a crisis. These institutions shy away from SLAs and client-developed scorecards. As a result of receiving lower scores on industry surveys, they find it necessary to compete more often solely on the basis of price, that is, when they haven't been excluded from an RFP process altogether.

With corporate clients continuing to consolidate transactional services such as treasury management into fewer banking relationships, the institutions that lag their counterparts in service quality are likely to see decreased market share, reduced profit margins, and relegation to the



status of a second tier provider of credit rather than a significant provider of the full range of banking services, especially with the large corporate segment.

Forms of Service-Quality Measurement and Reporting

The following sections examine the forms of service-quality measurement in treasury management services. They include examples of the ways each is approached at leading institutions with a culture of service quality, the level of automation used (or not used) for each, and a discussion of how each of these forms drives banks' and clients' behavior.

Industry Surveys: Measuring Up Against the Peers

The two major sources of independent service-quality ratings are Phoenix-Hecht and Greenwich Associates. Both companies have been surveying corporate banking clients on the topic of treasury management service quality for more than a decade. The consulting firms make each bank's detailed results available only to that bank and also provide some comparative data for peer banks. Corporate banking clients looking for new providers or reevaluating their existing banking structure frequently ask the banks for copies of the reports generated by these organizations as part of the RFP process. Banks that receive lower grades may be eliminated from consideration solely on the basis of the survey results.

At banks with a culture of service quality, the arrival of the annual survey results represents the beginning of an extensive process of internal distribution, analysis of the results, incorporation of the feedback, and, in some cases, inclusion of the grades in marketing materials. Mellon Bank, for example, provides a full report of its own scores and a comparison with the mean scores for each category in a four-page marketing piece on its Web site. Another example of a bank with a major focus on service quality that has published its own Phoenix-Hecht Quality Index ratings is KeyBank. An excerpt from its scorecard is shown in Exhibit 1. KeyBank provides a subset of its scores (those that received an A or A+ grade) in its client newsletter called "Treasury Spotlight."



Excerpt from KeyBank's Performance Report Card: Phoenix-Hecht Quality Index Results (2005)

KEYBANK'S PERFORMANCE REPORT CARD 2005 Phoenix-Hecht Quality Index results

People That Sell

A+	Sales Officers Offering Excellent Support
A	Product Specialists
A	Sales Officers' Overall Effectiveness

Products That Solve

ACH		Controlled Disbursement	
A+	Accuracy of Processing/Reporting	A	Accuracy of Notification
A+	Overall Features and Capabilities	A	Overall Features and Capabilities
Depository Services		Internet Services	
A+	Accuracy of Processing/Recording	A+	Reliability and Ease of Use
A+	Timeliness Processing/Recording	A+	Security
		A+	Overall Features and Capabilities

Exhibit # 46.26W-E1
Source: KeyBank Treasury Spotlight newsletter

Exhibit 1

Excerpt from KeyBank's Performance Report Card: Phoenix-Hecht Quality Index Results (2005)
Source: KeyBank Treasury Spotlight newsletter

The difference in approach to publishing the report cards at some other institutions is quite dramatic. Some institutions, perhaps those receiving less than stellar report cards, do not distribute the information internally, even to those individuals who have direct responsibility for the quality of the service being graded. Product managers, operations managers, and technology staff may not even be aware that such report cards exist. Rather than use the report cards as an opportunity to identify key areas where the bank needs to focus resources to eliminate a problem or issue, these organizations choose to put the report card in a desk drawer (or even in the circular file).

Client-Generated Report Cards: Clients Keeping Score


Until recently, client-generated report cards for banks were rare and were produced by only the largest and most sophisticated corporate clients. While the fundamental purpose of these report cards is to ensure high-quality service from providers of banking services, they also provide other benefits to the client (and some to the banks as well):

- Establishing accountability and setting priorities for the bank's handling of the relationship
- Creating an overall framework for regular relationship review discussions
- Comparing multiple providers of the same service, which can lead to improved service from the banks receiving lower scores
- Creating an opportunity to discuss potential changes in the ways the client uses bank services



- Raising the priority level of the resolution of the client's issues

A typical bank scorecard generated by a corporate banking client includes a variety of qualitative ratings for individual treasury management products and overall client service. More sophisticated scorecards will include quantitative measurements, which may require actual service-level data to be provided by the bank. AFP members frequently share hints for structuring bank scorecards and offer samples to counterparts at other companies, using message boards on AFP's Web site. A sample scorecard was recently posted on the site, a portion of which is included in Exhibit 2, to illustrate a typical qualitative scorecard.



Excerpts from Qualitative Scorecard Used for Bank/Client Discussions (2006)

<div style="background-color: #2c4e64; color: white; text-align: center; padding: 5px; font-weight: bold;">Product Performance – Wire Transfer</div> <ul style="list-style-type: none"> ▶ Accuracy ▶ Timeliness of Execution ▶ Problem Resolution ▶ Ease of Input ▶ Timeliness of Confirmation ▶ Security ▶ Price 	<div style="background-color: #2c4e64; color: white; text-align: center; padding: 5px; font-weight: bold;">Product Performance – Balance Reporting</div> <ul style="list-style-type: none"> ▶ Amount of Transaction Detail ▶ Reporting Availability ▶ Internet ▶ Timeliness of Information ▶ Accuracy of Information 	<div style="background-color: #2c4e64; color: white; text-align: center; padding: 5px; font-weight: bold;">Customer Support</div> <ul style="list-style-type: none"> ▶ Quick Response to Inquiries ▶ Depth of Response ▶ Follow-Up ▶ Courteousness ▶ Knowledgeable ▶ Easy to Reach ▶ Solves Problems
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Relationship Management

- ▶ How well does the bank introduce, convey, explain new products and cash management alternatives?
- ▶ How well does the bank communicate regulatory and industry developments that may effect our operations?
- ▶ How well is our organization, business culture, and Treasury operations understood and how well does the bank apply this understanding to meeting our business needs?
- ▶ How accessible is the relationship manager in the event immediate attention to an issue is necessary?
- ▶ Does the bank make efforts to include senior bank management participation within the relationship?
- ▶ Does the bank meet frequently with us to discuss issues, problems, projects, or expectations?

Note: A client rates its bank on a scale of 1 to 10 in each category, based on whether the client's expectations are exceeded, met, or not met.

Exhibit # 46.26W-E2
Source: Posted by a user afponline.org

Exhibit 2
Excerpts from Qualitative Scorecard Used for Bank/Client Discussions (2006)
Source: Posted by a user afponline.org

At the annual AFP conference in 2005, a case study on the topic of bank report cards was delivered by a representative of Wachovia Bank and one of its clients, NCO Group, Inc. The underlying message of this presentation was that, to be successful, the development and rollout of bank report cards must be a collaborative effort between the client and the bank. In many cases, the quantitative measurements are supplied by the bank according to the criteria established by the client.

In preparation for this case study, the presenters conducted a survey of AFP members on the topic of bank scorecards. Only 17% of the respondents indicated that they use bank scorecards to measure the service quality of the banks that provide treasury management services. Over 72% of the respondents had four or more banking relationships, yet only 14% of these firms were rating three or more banks in their scorecard process.



One of the most illuminating sections of this survey deals with the importance of various aspects of the banking services provided. Eighty-nine percent of the corporate clients responding considered customer service very important, while only 68% considered efficiency and operational quality very important. One possible explanation for the difference is that some respondents interpreted the customer service category as applying to the level of service provided by the client service organization supporting their accounts at the bank, whereas others may have interpreted customer service more broadly to include product/operational quality. In either case, it is interesting that customer service was rated very important by more corporate treasurers than was "efficiency & operational quality." For the full results of this survey question, see Exhibit 3.

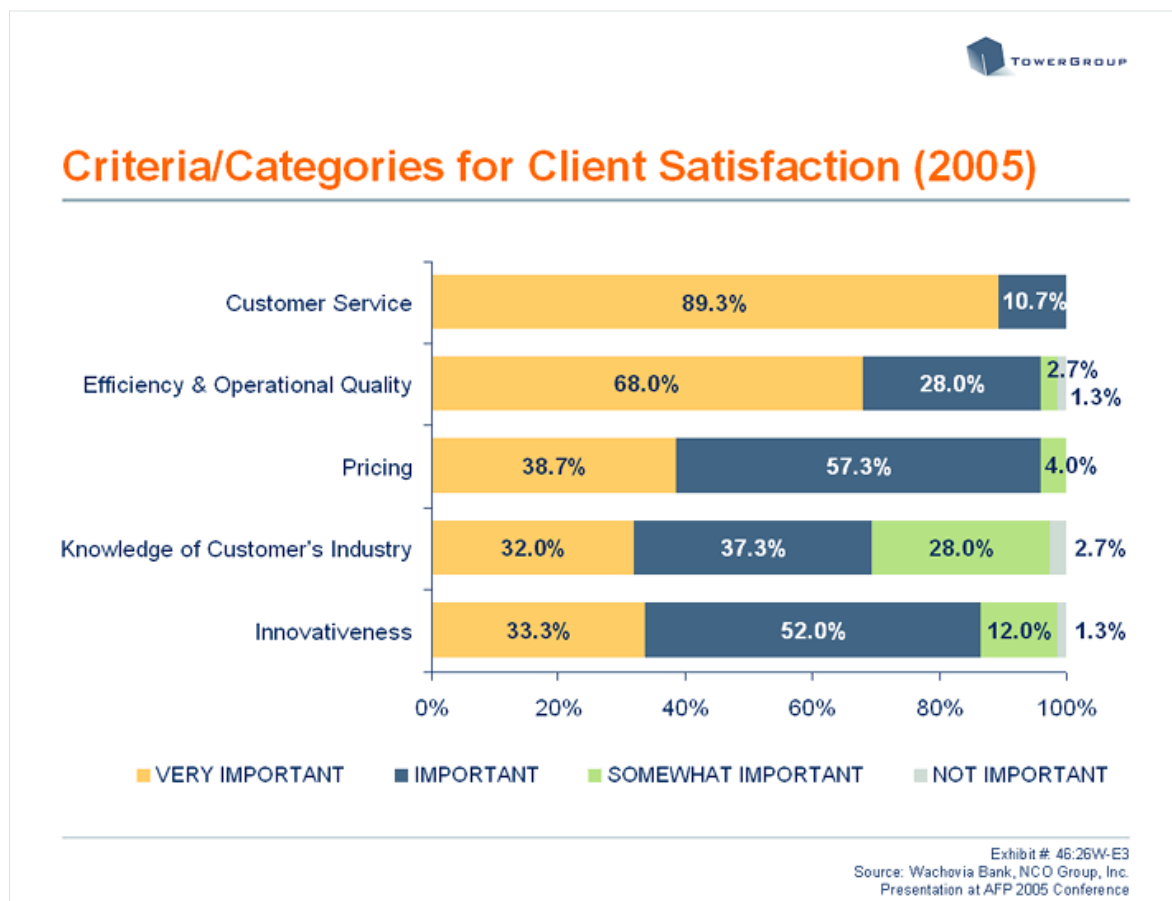


Exhibit 3
Criteria/Categories for Client Satisfaction (2005)
Source: Wachovia Bank, NCO Group, Inc.

Approaches to the client-generated report cards vary among banks. In most cases, these report cards are managed by someone on the team assigned to work with the individual clients (e.g., the treasury management sales officer, a dedicated client services representative, or the relationship manager). At many institutions, there is no centralized oversight or tracking of client-generated report cards. In these cases, clients receive more attention from the team that is supporting them on a day-to-day basis and therefore may experience faster response to their individual issues. However, the results of the report card are not "institutionalized" in a way that would result in an overall improvement in the service quality of the institution. In this environment, the effort required to participate in the periodic report card process is very labor intensive since the report card is designed by the client (often for multiple banks) and each bank must provide the information as specified by the client.



Banks that have adopted a culture of quality are successful in turning the request for bank report cards into an opportunity to improve partnership with their clients and to showcase their best-in-class products and services. These banks work closely with clients to design the report card in a way that allows them to use their standard SLAs whenever possible rather than include measurements that require custom calculations. These report cards are tracked in a centralized database rather than by individual client teams so that there is better visibility within the organization. As part of the regular scorecard review, the bank maintains a dialogue with the client that is focused on ways to improve specific processes, which in some cases involves changing the way the client uses bank services rather than changing the process at the bank.

During the contract negotiation process, some corporate clients will ask the bank to agree to SLAs that go above and beyond that particular bank's standard. However, the standard SLAs are sufficient to satisfy the vast majority of clients. Most banks do agree to customize SLAs in specific cases when a larger relationship is at stake or the customer is willing to pay a premium (or forgo discounts) for superior service. These cases are rare because agreeing to SLAs outside the norm carries significant risk when banks have not invested in technology that would allow them to track client-specific targets in their operational processes or business applications. For this reason, a few banks refuse to alter their standard SLAs for specific clients.

It is clear that corporate clients that use bank report cards derive benefit from the process. Although some bankers refuse to admit that clients issuing report cards obtain better service, most admit that the prospect of sitting across the table from a particular client on a periodic basis to review the report card does cause bankers to pay more attention to that client's needs. Banks that perform well and institutionalize the report card process also derive significant benefit in the form of additional revenues, customer loyalty, and an overall raising of the bar for service quality.

Banks Measuring Service Quality: Self-Assessment Isn't Cheap or Easy

Whether for internal monitoring or as an input to bank-generated scorecards, the process of measuring service quality for treasury management services at most institutions involves a great deal of manual effort. For most of the business applications that make up what the industry calls treasury management, service-quality measurement has been an afterthought at best. The production applications were not designed to incorporate the concept of SLAs. In many cases, retrieving the daily statistics required to calculate quality measurements is a challenge. Even at the banks that have adopted a culture of service quality, the actual calculation and tracking of quality measurements requires extensive use of spreadsheets, calculators, and manual input to databases. This level of human intervention adds cost, operational risk, and even the potential for fraud to the process for measuring service quality.

Certain types of quality measurements are more likely to be automated: the on-time loading of balance and transaction files for information reporting solutions and the system availability for online services are two examples of system-generated measurements. Similarly, banks often have case management and call center applications that include the ability to automatically measure case resolution time, abandoned call rates, and speed of answer.

Taken as a whole, the collection and the analysis of the large volumes of service-quality data for treasury management services today is cumbersome, expensive, and, by definition, reactive. Bank executives pore over pages of service-quality data on a weekly or monthly basis (one top US financial institution described a weekly operations quality meeting that requires executives to review and discuss a 120-page report). When there are major service-quality incidents, some banks use alerts (e-mail or voice mail) to notify key business partners of the failure. Quality teams regroup to identify client impact and analyze root cause so that such incidents can be avoided in the future. But these actions are taken in response to a problem, often days or weeks after the initial incident.


Several leading banks have gone well beyond collecting and internally reporting measurements of treasury management service quality and taken a proactive approach to the topic of bank scorecards. Rather than wait for a client to ask for a scorecard, some industry heavyweights have



invested in the capability to offer scorecards to selected clients based on the SLAs established by the bank. JPMorgan Chase has formed a specialized unit called the Performance Analysis and Reporting Group within the Treasury & Securities Services that is responsible for the following activities:

- Product setup and client service customer satisfaction measurement
- Performance metrics development, reporting, and analysis, including development of SLA and client-specific performance standards
- Client advocacy through client-level service recovery and the performance improvement process
- Metrics and performance reporting automation

Included in this group is a global Client Analysis team that provides both standard and custom reporting packages that may be tailored to the needs or service portfolio of the client (including treasury management and securities services products). Components of a sample scorecard generated by JPMorgan Chase's Performance Analysis and Reporting Group are included as Exhibits 4 through 6.



Sample Bank-Generated Scorecard: Service Delivery (2006)

Service Delivery

Category	Rating	Trend	Category	Rating	Trend
Overall Client Satisfaction Survey Score	85%	▲	Implementation Support Rating	90%	▲
Client Service Officer Support Rating	95%	▲	Post Implementation Problem Experience Rate	5	▲
Client Care Required Frequency (# instances in care)	1	▲	Post Implementation Set-Up Timeliness	23 days	▲
Client Care Issues Outstanding	4	◀▶	Set-Ups/Maintenance Request Received/Completed	143	◀▶
Total Number of Client Care Days (last 12 months)	43 days	◀▶	Set-Ups/Maintenance Request Pending/Open	38	◀▶
Escalation Required Frequency (# escalated times)	22	▼	Aging of Open Implementation Requests	45 days	▼
Proactive Service Support Frequency	30	▼	Average Age to Complete Implementation Requests	21 days	▼
Inquiry Resolution Timeliness	2.3 days	◀▶	Project Management Efficiency	High	◀▶
Self Service Activity Rate	Low	◀▶	eSetup Activity Rate	Low	◀▶

▲ = PERFORMANCE IS AT STANDARD AND BETTER THAN IN PREVIOUS MONTH

◀▶ = PERFORMANCE MEETS STANDARD AND IS UNCHANGED FROM PREVIOUS MONTH

▼ = PERFORMANCE IS STILL AT AN ACCEPTABLE LEVEL BUT DOWN FROM PREVIOUS MONTH

Exhibit #: 46.26W-E4
Source: JPMorgan Chase & Co.

Exhibit 4
Sample Bank-Generated Scorecard: Service Delivery (2006)
Source: JPMorgan Chase & Co.



Sample Bank-Generated Scorecard: Information & Statement Reporting Accuracy & Timeliness (2006)

Information & Statement Reporting Accuracy & Timeliness

	# Issues	Trend		# Issues	Trend
Electronic Transmission of Daily Statement Info	1	▲	Information & Statement Accuracy	1	▲
Electronic Transmission of Daily Funding Info	3	▲	Transmission Quality	1	▲
Electronic Transmission of Monthly Billing Info	3	▲	Imaging Online Quality	3	▲
Statement Mailing & Package Distribution Timeliness	1	◀▶	Imaging Online Availability	1	◀▶
Statement Mailing & Package Distribution Accuracy	1	◀▶	Total Number of Info, Statement, Billing Inquiry	10	◀▶
Percent of Previous Day Reporting Deadlines Met	100%	▼	Number of Open Info, Statement, Billing Inquiry	6	▼
Percent of Current Day Reporting Deadlines Met	100%	▼	Number of Resolved Info, Statement, Billing Inquiry	4	▼
CD-ROM Distribution Timeliness	0	◀▶	Aging of Open Inquiries	55 days	◀▶
CD-ROM Distribution Quality/Accuracy	0	◀▶	Average Resolution Time of Closed Inquiries	15 days	◀▶

▲ = PERFORMANCE IS AT STANDARD AND BETTER THAN IN PREVIOUS MONTH ■ = BETTER
 ▶▶ = PERFORMANCE MEETS STANDARD AND IS UNCHANGED FROM PREVIOUS MONTH ■ = SAME
 ▼ = PERFORMANCE IS STILL AT AN ACCEPTABLE LEVEL BUT DOWN FROM PREVIOUS MONTH ■ = WORSE

Exhibit #: 46.26WE5
Source: JPMorgan Chase & Co.

Exhibit 5
Sample Bank-Generated Scorecard: Information & Statement Reporting Accuracy & Timeliness (2006)
Source: JPMorgan Chase & Co.



Sample Bank-Generated Scorecard: Transaction-Level Quality, Throughput & Support (2006)

Transaction Level Quality, Throughput & Support

Treasury Management	Activity	Trend
Straight Through Processing Rate	98.0%	▲
Inquiry to Transaction Percentage	1.20%	▲
Total of Any Bank Processing Errors (Cash)	5	▲
Any Bank Error to Transaction Performance Rate	99.8%	◄►
Percentage of Transaction Exceptions	2.0%	◄►
Percentage of Transaction Amendments	4.0%	▼
Average Inquiry First Acknowledgement Timeliness	1 day	▼
Average Inquiry Resolution Timeliness	1.5 days	▼

▲ = PERFORMANCE IS AT STANDARD AND BETTER THAN IN PREVIOUS MONTH
 ◄► = PERFORMANCE MEETS STANDARD AND IS UNCHANGED FROM PREVIOUS MONTH
 ▼ = PERFORMANCE IS STILL AT AN ACCEPTABLE LEVEL BUT DOWN FROM PREVIOUS MONTH

■ = BETTER
 ■ = SAME
 ■ = WORSE

Exhibit #: 46.26W-E6
 Source: JPMorgan Chase & Co.

Exhibit 6

Sample Bank-Generated Scorecard: Transaction-Level Quality, Throughput & Support (2006)
 Source: JPMorgan Chase & Co.

The proactive approach to scorecarding demonstrates the financial institution's commitment to service quality, allows the bank to be in control of the categories for measurement (although the client may be given an opportunity to choose the measurements to be included from a list provided by the bank), and provides a competitive edge over banks that cannot easily generate similar scorecards. One banking executive boasted that he regularly suggests to corporate clients that they ask their other banking providers to complete the same scorecard, knowing that complying with this request is likely to be very expensive for most banks.

Service-Level Guarantees: Does Anybody Really Pay for Poor Service?

In the highly competitive treasury management services market, it has become increasingly common for prospective corporate banking clients to go one step beyond bank scorecards and to request service-level guarantees (or binding SLAs) in RFPs as a condition for winning a particular piece of banking business. Penalties for missing SLAs generally take the form of fee waivers or rebates. It is no accident that requests for service-level guarantees are increasing at the same time that more corporate treasury departments are including their procurement departments in the process for issuing an RFP and negotiating contracts for banking services. This trend is being seen across various industries by large corporations in various geographies and has started to receive increased attention at industry conferences and in technology vendor marketing literature.

Even those banks that have embraced a culture of service quality are reluctant to agree to service-level guarantees. Although the leading banks take a variety of approaches to minimizing the incidence of this practice, all of those interviewed for this research agree that, in practice, very few clients are given service-level guarantees. In most cases, banks that have an effective scorecard



process in place are able to convince prospective clients that their existing quality reporting is sufficient to meet the ultimate aim of the client: to receive the highest possible quality of service. Interestingly, more than one banker indicated that a client that insists on service-level guarantees may be offered a standard that is lower than what is generally made available to ensure that the bank is not required to pay out on the guarantee. This tactic could lead the prospective client to choose another bank that is willing to offer a binding SLA at a higher level of quality. In theory, clients that request guaranteed SLAs could experience worse service levels than they would otherwise.

Banks tend to give more favorable consideration to clients requesting service-level guarantees when there is a broad relationship at stake rather than a specific piece of transactional business. In these cases, the relationship manager plays an integral role in signing off on guarantees and may actually be required to agree to pay the penalties out of his or her cost center instead of penalizing treasury management services. Banks that are confident in their ability to meet service-level guarantees do not hesitate to ask prospective clients for premium pricing for superior service.

So despite the hype on the subject of penalties for failing to meet service-level agreements, the reality is that banks have paid such insignificant sums in penalties that not a single one is tracking the total. The reasons for this are straightforward:

- Sophisticated buyers of treasury management services that demand best-in-class service are already preselecting only the highest-quality providers of a particular service when they issue RFPs.
- These best-in-class providers are often able to negotiate contracts excluding penalties by convincing prospective clients that their interests would be better served through the ongoing scorecard review process.
- When banks do agree to service-level guarantees, they usually commit to provide the existing service levels that are part of their standard internal targets (if not lower).
- When an individual measurement misses its target, the miss is viewed in the context of the entire service relationship. If the service quality received by the client in a broader relationship has met or exceeded the targets, the client is likely to discuss it with the bank in the context of preventing recurrence rather than hold the bank to the letter of the contract.

Service-level guarantees are clearly here to stay, but they should be viewed by all involved as a means to an end: service-quality excellence. Neither banks nor their clients are interested in seeing service-level guarantees become a normal part of banking relationships.

The Next Generation of Service Quality: Continuous Improvement

To succeed in the large corporate treasury management services market, banks must continue to invest in ways that contribute to higher-quality service. With the business concentrated in a small number of institutions, simply meeting industry quality standards won't be enough to differentiate a bank. This means building in (or layering on) technology that supports quality monitoring and quality improvement to operational processes. It means enhancing methods for collecting, alerting, and managing service-quality measurements at a business unit level, a market segment or portfolio level, and an individual client level. It means investing in tools to better track open client incidents, requests, and investigations and to provide clients with direct access to that information.

These banks must also reexamine the traditional service-quality measurements and consider how to supplement them with new measurements that reflect the significance of the Internet channel as a client touch point. Wells Fargo has developed unique capabilities in this arena with its implementation of the RealiTea solution from TeaLeaf Technologies. This product allows the bank to record and replay any client session from the Commercial Electronic Office (CEO) portal. Therefore, Wells Fargo can directly monitor a customer's experience at a level of detail not possible before.



As financial institutions adopt a service-oriented architecture (SOA), they are better positioned to implement business activity monitoring (BAM) tools designed to monitor, analyze, report on, and ultimately improve on key business processes in real time. Such solutions also enable banks to establish client-specific business rules, especially useful for nonstandard SLAs. This capability will become more critical as clients require more real-time information from their banks, migrate away from paper to electronic payments, and demand faster error resolution and response times.

One example of such technology already in place is ABN AMRO's implementation of webMethods' Optimize tool to monitor cross-border payments processes. This project has provided significant benefits to ABN AMRO, including enhanced quality and operational performance, real-time detection of potential service-quality issues, real-time alerts and dashboard views, and an improved audit trail of end-to-end processes.

Summary

There are stark differences between the banks that "get it" and those that don't when it comes to the imperative for providing high levels of service quality in treasury management services. These differences are manifested in two facets of service quality: operational excellence and partnership with clients. The banks on the honor roll invest significant resources in monitoring and improving their operational processes and their client service operations. This investment contributes to their ability to get it right from a perspective of operational excellence. They also invest in hiring, training, and retaining the best possible people to have face-to-face contact with their most important corporate clients: the treasury management sales officers and relationship managers. Most important, the banks that have embraced a culture of service quality create a dialogue with their clients to establish expectations and agreements for service quality, to review the actual results on a regular basis, and to take action to improve those aspects of product or service delivery that do not meet expectations.

As the intense competition among the providers of treasury management services continues, banks that can make the leap from evaluating quality measurements for the most recent week or month to implementing solutions that monitor critical business processes in real time will be the ones that receive A+ grades, no matter who is keeping score.