

How PrecisionLender Helps Banks Understand Relationships

When pricing a commercial deal, the best bankers know it's not just about that particular opportunity – it's also about the context of the full relationship with that client.

Understanding that relationship, its current and future value, and the impact it has on each deal – and vice versa – is critical to getting that crucial balance of growth, profitability, and risk that all banks strive to achieve.

PrecisionLender's Relationship Awareness module is the key to developing that understanding.

Timely Information, Delivered Automatically

Banks have good data on relationships – just not in the same systems their bankers are using to price transactions. Moving back and forth from one system to the other, often manually copying and pasting critical data, is a recipe for errors and inefficiency.

Relationship Awareness delivers relationship profitability data to the PrecisionLender pricing platform and automatically updates it, giving bankers the contextual information they need when they're pricing deals.

Relevant Relationship Valuations

The screenshot displays the PrecisionLender Relationship Awareness module interface. At the top, there are navigation options like 'Print', 'Save', 'Delete', and 'Close'. The main form is divided into several sections:

- Deal Information:** Name (New Opportunity), Owner and Deal Team (Dallas Wells), Relationship (Carl Integrated & Co.), Current Scenario (Scenario 1), Stage (Quoted - 10%), Pricing Date (5/10/2019), Projected Close Date (8/8/2019), and Pipeline Scenario (Scenario 1 (Currently Pricing)).
- Deal Parameters:** Amount (\$2,000,000), Rate (5.0%), Payment Type (Amortizing), Interest Options (Actual/360 / Monthly), Maturity (60 months), Amortization (240 months), and Rate Type (Fixed).
- Deal Features:** Fees (\$10,000), Origination Channel (New Business), Servicing Channel (Standard), Risk Rating (4. Acceptable), Collateral (\$2,666,667 / 75% LTV), Guarantees (None), Prepayment Option (None), Participations (None), and Payoff/Renewal (\$1,470K Balance / \$1,470K Commitment).

Below the form, there are two summary sections:

- Opportunity Summary:** A bar chart comparing 'Commercial Real Estate ...' (15.87%) and 'Current Opportunity' (15.87%), both with a 17.0% target.
- Relationship Impact Summary:** A bar chart showing the impact of the relationship on Return on Equity (ROE). It compares 'If We Lose' (11.74%), 'Current Relationship' (25.03%), and 'If We Win' (14.62%), with a 16.3% target.



Many banks base the value of their client relationships on a backward-looking view – i.e. “How profitable has this relationship been in the last quarter/last year/since we booked it?” But your competitors don’t look at those deals that way. They’re only interested in what the deal looks like now and going forward, and whether there’s a chance they can win that business away from you.

That’s why Relationship Awareness shows you the expected profitability for the remaining life of each relationship – what we call its “Strategic Value.” It also gives you profitability information on both the account and relationship levels. So your bankers can take both a micro (“How much is this CRE loan worth to us?”) and macro (“How much is the client worth to us?”) approach to how it conducts business with each deal, for each client.

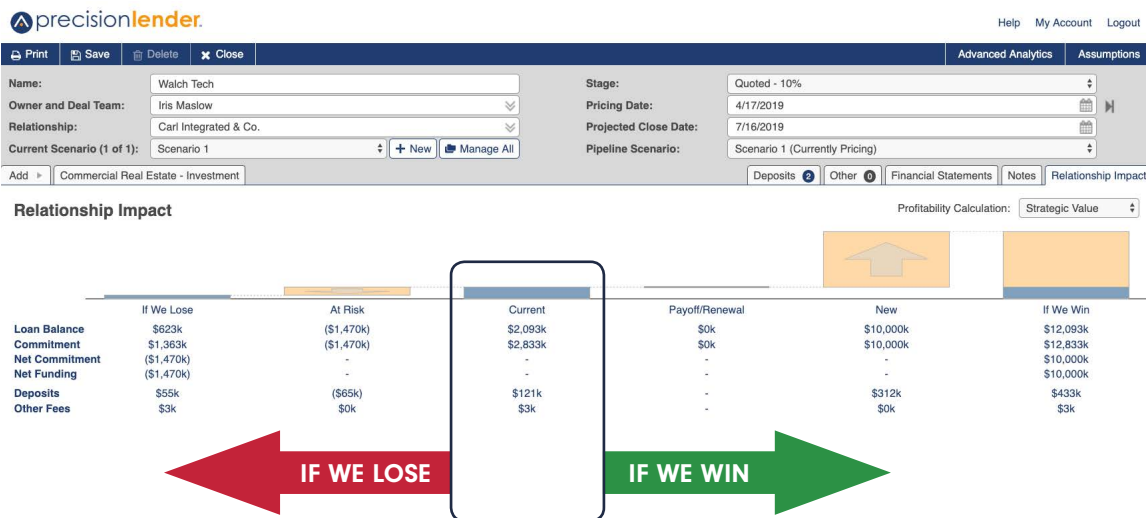
Knowing that information helps your bank identify relationships that could be vulnerable, and whether you should act to ensure that business stays in-house, or perhaps be willing to walk away if a competitor makes a lower offer.

Contextual Information While You’re Pricing

If your bankers are only looking at a specific product when pricing an opportunity, they’re basically flying blind. They need to know all the other business the client has with the bank and the value of those accounts. That knowledge can help them identify cross-sell opportunities, while giving them an understanding of how important this deal is to the client, and how important this client is to the bank.

With Relationship Awareness bankers have timely visibility into:

- The client’s existing value – at the relationship and account levels.
- How this pricing recommendation – if accepted – would impact the relationship going forward.
- The impact if this opportunity is lost, as well as what’s at risk if the entire relationship is lost.





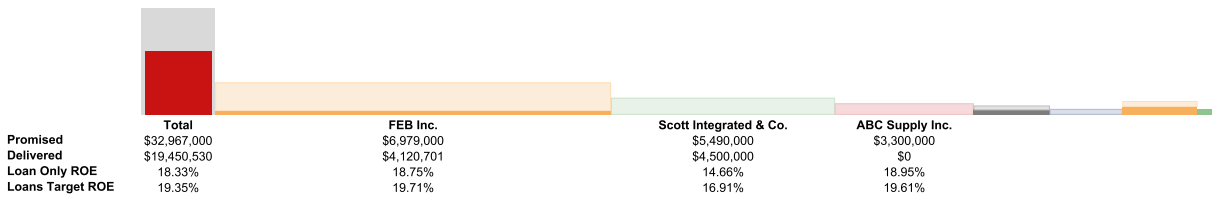
Assurance That Deal Promises Are Kept

Many banks are willing to price loans more aggressively when there is a promise of additional deposits or other non-credit revenue accounts. However, these promises can be difficult to track and most banks are never sure whether their customers have made good on those promises. When it comes time to price the next deal, you need to know what the true strategic value of this client is, based on the accounts you *actually* have.

With PrecisionLender’s “Delivery to Promise” functionality, all of that information is readily available. Now bankers can keep their clients accountable, and sales managers can do the same with their teams.

Delivery to Promise

Show All | By Relationship | Deposit and Other Accounts | All Deposits



Learn More

The timely contextual information that Relationship Awareness delivers is just one of the reasons why PrecisionLender customers have used our software to outperform the industry in key annual metrics such as [margin growth, loan growth, and deposit growth](#), while maintaining extremely low rates for past due loans.

Contact us to find out how your bank can experience similar results.

[Request a Demo](#)

PrecisionLender is modernizing commercial banking. Our sales and negotiation solution empowers bankers with actionable, in-the-moment insights and coaching, so they win better deals and build strong, more profitable relationships. Andi®, PrecisionLender’s virtual insights analyst, augments banker strengths and intelligence with the latest technology and data, delivering the best recommendations at exactly the right time. 12,000+ bankers at 200+ banks – ranging from \$1B to \$1T in assets – use our solution. Set your bank apart with PrecisionLender’s applied banking insights. Visit precisionlender.com to learn more.