CLM Solutions for Corporate & Investment Banking, 2024

NICE Actimize

Overview

The many challenges that financial institutions face – not least complex customer workflows and pressure from regulators – have created demand for client lifestyle management (CLM) solutions that provide a clearer and more holistic view of clients. To achieve this, firms require a step change in the complexity of solutions they use. Flexibility is key in this area: firms must be able to implement and adjust their offerings according to clients' specific requirements.

In response to demand, vendors have introduced more capabilities into their solutions, including credit, legal and tax functions, to enable firms to assess and identify risk throughout the customer lifecycle, and deliver more bespoke services to meet their clients' needs. They are also building solutions that can be configured more easily by clients. As a result, low-code and no-code approaches have become popular strategies in this space. And as ease and speed of deployment are also priorities in firms' solution and selection process, vendors have focused on building solutions that can be implemented in a shorter time frame.

Chartis Research's report CLM Solutions for Corporate and Investment Banking, 2024: Market Update and Vendor Landscape considers vendors based on multiple factors, including data and policy management, entity management, system interfaces and application programming interfaces (APIs), and workflow and automation. The report uses Chartis' RiskTech Quadrant to explain the structure of the market.

NICE Actimize placed as a category leader in CLM due to its completeness of offering and its market potential (see Figures 1 and 2 on page 4).

In Chartis' analysis, category leaders combine depth and breadth of functionality, technology and content with the required organizational characteristics to capture a significant share in their market.

> " *By building out its integrations to third-party solutions and the wider CLM framework, NICE Actimize has expanded from its strong base in financial crime risk management to provide a more complete CLM solution. In particular, it has enhanced its data capabilities and use of AI – a development reflected in its category leader position in our CLM quadrant.* "
>
> — **Phil Mackenzie,**
> **Chartis Research**

Methodology

Chartis Research ('Chartis') is a research and advisory firm that provides technology and business advice to the global risk management industry. Chartis assesses risk technology vendors using consistent, objective methodology, regardless of business relationships.

The Chartis RiskTech Quadrant® evaluates vendors on both current and future dimensions: completeness of offering and market potential.

- **Completeness of offering** criteria include depth/breadth of functionality, data and infrastructure, analytics, reporting and more specialized capabilities (such as risk/performance linkage).

- **Market potential** considers business model, market penetration, financials, customer satisfaction and growth strategy.

Chartis uses detailed evaluation forms, customer surveys, expert interviews, vendor briefings and other research sources to assess solutions. This rigorous methodology provides an independent view of solutions and vendors.

Market context

The corporate and investment banking (CIB) space includes the market, wholesale credit, equity and derivates, and foreign exchange areas. Within this space, it is possible to identify a few key trends and dynamics shaping the solution landscape (see Table 1). Crucially, as banks are looking to contain costs across the CLM process, efficiency remains a key driver.

Initially, vendors in the CLM space focused on compliance and Know Your Customer (KYC), but they are increasingly branching out into other areas and defining CLM as its own typology that is separate from its compliance-based origins.

These vendors have employed a variety of approaches, focusing on different verticals (institutional asset managers, broker-dealers, etc.) or technology strategies. There is a growing diversity in approach: some firms provide a purely technology-based offering, whereas others take a services-based approach with a technology 'wrapper.' Others occupy a middle ground between these two approaches.

Table 1: Market landscape factors

More integration of credit, legal, operational and tax functions into a single workflow. This allows financial institutions to conduct comprehensive risk profiling of customers and comply with regulations.

- By integrating credit into a single CLM workflow, banks can conduct a detailed credit review and assign the coverage required for a particular client.

- Integrating legal processes into the customer lifecycle allows financial institutions to draft, review and finalize legal agreements and contracts between their clients.

- The integration of operations into the CLM workflow is a result of the back office taking a bigger role in financial institutions.

- By integrating tax information within the CLM workflow, banks can provide a more personalized service, and both businesses and banks can make more informed decisions.

Growing diversity within the CIB space, as business lines lend themselves to different CLM strategies and technology solutions. Two areas of specialization have become increasingly prominent:

- **Institutional asset managers**. The relatively recent need for more complex client relationships has highlighted some specific requirements for compliance and onboarding platforms.

- **Broker-dealers**. These operate in highly volatile markets, managing risks associated with sudden market fluctuations. In this space, CLM solutions need to be integrated with trading solutions, to ensure best execution and compliance with securities law.

NICE Actimize: category leadership

NICE Actimize's CLM solution provides ongoing risk assessment and management for corporate and investment banking clients. These capabilities, along with the company's onboarding and workflow orchestration features, contributed to its category leader position in the CLM solution space for corporate and investment banking (see Figures 1 and 2), notably in areas including entity management, workflow and automation, and system interfaces and APIs.

NICE Actimize's CLM solution has expanded considerably from its initial role as a compliance- and financial crime-focused anti-money laundering (AML)/KYC offering. Not only has the company built out entity management capabilities across legal and policy verticals, it has also enhanced its data capabilities, while the X-Sight Marketplace ecosystem provides a wide and flexible array of third-party solution integrations alongside enhanced analytics. With a specific focus on generative AI, these capabilities include X-Sight AI Assist for review and analysis, and X-Sight AI Narrate, which enables AI-assisted report construction.

Specific areas of strength include integration with anti-fraud capabilities, client outreach and a deep data corpus that includes cross-referencing capabilities and data feeds. The solution is available in both cloud and on-premise deployments and offers highly configurable case management and workflow capabilities, centralized in a CLM hub.

Figure 2: NICE Actimize's category-leading capabilities; CLM Solutions for Corporate and Investment Banking, 2024
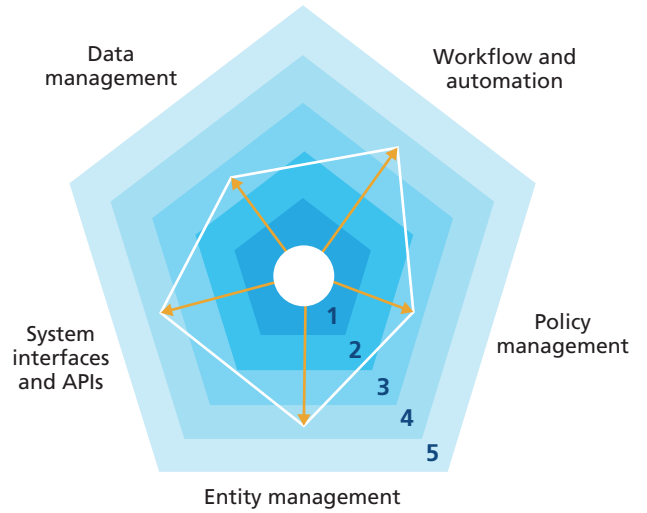
Figure 1: NICE Actimize's positioning; CLM Solutions for Corporate and Investment Banking, 2024