With the emergence of new private sector banks and the entry of foreign banks into India a new role was introduced in the Indian banking sector. The role which we are talking about is that of a relationship manager. During the placement season in most of the B-schools one of the profiles offered by most of the banks is that of a relationship manager. Most of the students have an IT background and aspire to take up a career in finance and are unsure of what actually is the role of an MBA as a relationship manager in a commercial bank. So through this article we try to throw some light on this topic.

In a financial institution, commercial banking is basically that division which is primarily into disbursing loans and deriving interest earned on these loans. A relationship manager in this division works to maintain relationships with many clients. He is responsible to supervise loan officers and other bank employees who communicate with clients, sell services and provide other services to existing business accounts.

The relationship manager could be of 2 types, one who works in retail side of the business and other in the wholesale side of the business. The role of a relationship manager in the retail business would involve interacting with the retail customers and sell the financial products to them. The relationship manager in the retail side would interact with the individual customers of the banks and this role is considered to be less glamorous in the banking industry. Whereas the relationship manager in the wholesale business would interact closely with the financial institution’s corporate clients. They may be SME’s and large corporations. On the basis of the size of the company, the relationship manager may try to sell more products and provide business advice that will benefit the clients.

However the role of relationship manager is not just limited to selling the products to the
corporation/individuals, but it also involves proactively using the financial analysis skills to identify the capital needs of the businesses. So the relationship manager should have a sound knowledge of the finance and it not just about the sweet talk to gain the trust of the client. He should also know what types of loans programs benefit the clients. Some relationship managers are also responsible for developing and maintaining portfolios. The job of the relationship manager is also responsible finding new business relationships and converts them into new clients for the bank. So in order to convert the lead into a client he may have to meet the client and offer attractive business propositions. So client interaction would be on main role of the relationship manager.

The relationship manager’s responsibilities also include studying the commercial banking industry and specific markets related to the clients he is handling. For e.g., if a manager is dealing with clients from automobile sector, he is supposed to research extensively on reports and updates on what is happening in this sector on a daily basis and advise the clients on making sound decisions.

A typical day of the relationship manager would involve speaking to customers for a large part of the day is it either over phone or face to face. His role would involve discussing the financial needs of the clients, negotiating financial products and capital needs of the clients and advising the customers and providing information about the sector where the client is currently operating in. So the relationship manager needs to be updated with the latest products so that he can give a reliable advice.

Thus a role of a relationship manager is a complete profile which not only requires good knowledge of finance and marketing but should also show confidence and trust in the presence of the customer.