

Technology Buoy Retail Bank Investment Growth

by Matt Essieh

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THE BUSINESS of retail banking has changed significantly over the past 10 years. A decade ago, the industry was threatened by competitors that offered a broad selection of investment options. Customers wanted more product choices, up-to-date information on current values, and quick access to their portfolios via the Web.

Retail banks responded to this shift in customer demand by expanding beyond their traditional products and services. Initially offering a few 'non-traditional' products such as annuities and life insurance, many banks now offer a full suite of financial products—from deposit accounts to mutual funds, insurance products, and financial planning services. They've leveraged the breadth and depth of customer information and customer trust to establish a strong competitive position.

Today, these non-traditional, fee-based products play an important role in solidifying customer relationships. Fee income, moreover, represents a growing percentage of overall bank revenues and is projected to continue its aggressive growth.

Technology supports fee business expansion

Developments in information technology (IT) have made it easier to support these increasingly complex customer and business relationships that characterize the retail banking business today. From Web services to handheld portable devices, new technologies offer a degree of flexibility and adaptability that was not possible even a few years ago. With new features and functions introduced every day, the challenge is to establish a coherent technology platform that can support banks' growth strategies, and adapt readily to organizational and business changes.

The Internet has had a significant impact on the way everyone thinks about business: from data management and aggregation to

sales strategy and customer relationship management. The variety of technologies spawned from the Internet makes it possible to access and leverage customer data residing in disparate legacy systems, providing a comprehensive view of traditional and non-traditional products, carrier relationships, and customer profiles through a user-friendly graphical interface.

In the hardware arena, prices continue to fall while functionality increases. This allows banks to create more portable, flexible infrastructures. Program managers, platform bankers, and agents can now access customer and product information directly, whenever and wherever it's needed. This dramatically reduces the time required to respond to customer requests, while allowing back-office staff to focus more on critical tasks.

A comprehensive technology platform designed to meet the requirements of retail banks' fee-based programs can link banks to clearing houses, tie them to the Web, and interface readily to their traditional systems as well as to personal banking applications like Quicken. The increased flexibility and visibility provided by such a platform facilitates program management at every level, including sales management, referral management, cross-selling, work-flow management, compliance, and reporting. As a result, banks are equipped to create an environment that supports sales growth while ensuring seamless processing, accurate reporting, and effective compliance.

More product and channel support

Today's Internet-based solutions enable banks to manage a growing volume of product information, as well as add carriers, adjust compensation programs, and reach out to customers through more channels without requiring extensive system modifications or application development. Systems and interfaces can be tailored relatively easily to reflect the unique aspects of any business.

While extending information access to the branch and beyond, banks can define user access rights with a high degree of granularity. As a result, platform bankers, agents, and representatives can access information on the products they are

authorized to sell, as well as the customer information they are authorized to see. These capabilities afford greater cross-selling opportunities while ensuring customer privacy and confidentiality.

As the workforce becomes more mobile, wireless technologies allow banks to extend their customer service philosophy to the customer's home by giving agents and sales reps immediate access to customer data via their PDAs and wireless devices. Now they can respond to customer requests regarding their investments and recommend new products at the moment when the customer is most ready to buy.

By enabling more customer touch points, banks deliver what customers have come to expect—responsive suppliers that provide immediate access to products that have real value. The result: stronger customer loyalty.

Targeted marketing builds customer loyalty

In today's environment, customers expect their financial service providers to be informed as to the full extent of their bank relationship. Marketing and sales efforts that do not reflect this understanding chip away at customer trust.

This understanding must be reflected in outbound customer communications and can only be achieved when those at the front line of the customer relationship have a complete view of each customer's retail-investment and traditional banking transactions. Internet-based solutions can provide a window into the customer's consolidated holdings, giving bank representatives a current view of the customer relationship.

Compensation plans also drive success. Any solution designed to meet the needs of today's complex retail banking business must adopt plan structures that are right for the organization. This becomes particularly important when organizations grow through mergers and acquisitions. A comprehensive technology platform lets banks support current plans during the transition period, ensuring continued smooth operations and sales activity.

Automatic reminders

By integrating contact-management capabilities with sales and marketing management functions, retail-investment technology solutions increase sales effectiveness and productivity. For example, automatic reminders or notification of key customer anniversaries can be posted to the agents' or sales reps' electronic calendars. When this capability is combined with tools that create marketing campaigns targeted to a customer's specific needs and demographics, customer communications are more personalized and effective.

Finally, an integrated technology solution enables banks to manage the referral process electronically, linking platform staff with agents and sales reps, and providing the means to track follow-ups as well as results. Accurate reporting and compensation for closed referrals lets program managers reward successful efforts, and contributes to the overall success of the sales and marketing effort.

All of these areas can be brought together through effective workflow automation. By enabling seamless document processing via the Web, banks can reduce errors and shorten the time required to review and approve a variety of internal and vendor-related documents. In addition, electronic documents and work flow facilitate compliance, particularly when the system provides an automatic review for customer and agent suitability at each step of the process.

Compliance issues cut across all areas

The value of an integrated IT platform in managing compliance issues cannot be overestimated. Such a solution can facilitate compliance because it touches all of the retail-investment program's operations, sales, and reporting functions. This means that customer and product suitability can be monitored and reported in real-time. Licensing and continuing education can be tracked by sales rep or agent. Customer complaints also can be tracked by agent, product, or office, and compared against sales.

By capturing this information at every level, program managers can respond quickly to significant compliance issues and generate timely reports for internal auditors or regulators. In many cases, potential fines are mitigated when banks demonstrate their

commitment by having these capabilities in place.

A strategic component

Over the past decade, retail-investment programs have gained recognition as a strategic element of the business of banking. Developments in IT have supported this evolution.

By adopting new technologies in an integrated IT platform, retail-investment programs can exceed both their business and customer-relationship goals. These solutions bridge the front-office and back-office functions, while supporting the unique needs of each set of users. They integrate fee-based programs with the core banking business by fulfilling oversight requirements and delivering the consolidated reporting expected at the highest levels of management.

Finally, such a comprehensive, coherent approach to the customer relationship prepares banks to achieve their goal of being full-service financial services providers. It continually positions them to enhance their competitive differentiation by supporting a growing array of choices and enabling a consistently high level of service at every customer touch point.