

Saving accounts



AS COMPETITION in the retail banking industry grows, customers find they can take advantage of an increasing number of choices. As a result, banking customers are less loyal, expect more, and demand efficient and consistent service from the delivery channel of their choice.

“Banks are facing dual needs,” explains Microsoft’s Warren Lewis, managing director for the banking

Successful retail banks are improving the banking experience for both customers and employees.

By Roseann McGrath Brooks

Illustration by Marc Rosenthal

industry, Financial Services Group. “Improving the customer experience is critical because customer attrition continues to grow. And banks need to improve the employee experience because employees are the primary touch points with the customers. So, in turn, banks must improve the operations experience, providing management tools and infrastructure to support customers and employees.”

Integrated banking

Service-oriented technology—such as automated call center response, automated teller machines (ATMs), kiosks, and Internet banking—allows customers to make transactions and get information 24/7. Throw in mobile banking, and customers have numerous high-tech banking options.

“In a multichannel environment, technology must help improve the customer experience,” explains Jim Eckenrode, vice president of banking and payments research at TowerGroup, Needham, Mass. “So banks are modernizing to improve customer data analytics, segmentation, optimization, and more. They are also reducing the amount of time bank employees are tied up with routine transactions such as check and cash deposits.”

Many start with the network. Banks that use standard Internet protocols and increased bandwidth can conduct multiple banking tasks without slowing transaction activity. In addition, “by consolidating servers, centralizing infrastructure, using redundant servers, and taking

advantage of store-and-forward technologies that ensure business continuity, banks can provide high availability, reliability, and security," says Microsoft's Lewis, "all of which are necessary to retain customers' trust."

Banks will not retain that trust, however, if the customer does not realize a consistent banking experience across all channels. This consistency, experts say, has been difficult because many banks have silos of information: Applications for managing different products and transactions have traditionally been disparate. "The mortgage system is different from the deposit system, which is different from the payment system," says Lewis. "Banks must develop the ability to pull all that information together and make it available to both employees and customers on familiar systems, such as the teller's PC, the call center agent's desktop, or the customer's Internet browser through the bank's portal."

Development technologies that support Web services enable banks to create front-end applications that extract information from existing back-end applications. On the back end, systems such as Microsoft Windows Server and Microsoft BizTalk Server can tie together new and existing disparate systems. "Replacing systems every time the market evolves doesn't make sense," Lewis points out. "Integration technology generates value. And using a simple architecture helps you reduce disruption of employees' work and lower implementation and training costs."

With customer-centric information available in a user-friendly manner, employees spend less time searching for information and more time with the customer, says TowerGroup's Eckenrode. "Better technology gives the employee more and better information about [his or her] job," he says. This improves the employee experience by minimizing errors and delays and enabling employees to focus on face-to-face interaction.

Servicing better, bothering less

According to Eckenrode, 81% of customers use two or more channels to do their banking. "Don't try to make a channel what it isn't," he advises. "Customers choose each channel for what it does." For example, ATMs speed simple financial transactions for customers and offload routine work from bank staff. But the same customer taking out money today may need wealth management services tomorrow, for which he or she prefers a more human channel: the branch.

"The branch offers the high touch that other financial services companies cannot offer," explains Eckenrode. And in customers' daily contact with front-line banking employees, banks can cross-sell and upsell to capture "walletshare."

"The average banking customer has 1.1 financial products," explains Chris Wiley, U.S. sales director for Fincentric Corp., a Richmond, British Columbia-based provider of retail banking and customer value management software solutions. "The average bank provides that customer with 2.1 products. The goal is to improve that ratio."

In a retail banking sales culture, tellers are well positioned to identify opportunities with customers and generate a lead, says Wiley, which can help tellers become more involved in the cross-

"Empowering employees with customer knowledge has as much to do with service as with sales."

JIM ECKENRODE, VP, TOWERGROUP

selling process. This reduces the amount of "brute-force" selling for managers such as cold calling or marketing to too broad a customer segment.

For example, explains Wiley, a teller can be cued with questions to ask a specific customer. The question, "Do you have any summer projects around the house?" may reveal needs related to a line of credit. If a teller identifies a need, he or she can offer to have the appropriate sales professional follow up. The outcome of the interaction can be captured without disrupting service. The customer then perceives the teller as both interested and helpful, and the record of the customer's interest or lack of interest can be used to influence future interactions.

"Empowering employees with customer knowledge has as much to do with service as with sales," says TowerGroup's Eckenrode. "And better information allows for better-informed employees, which makes them feel more confident and reduces the likelihood of customer dissatisfaction, the reaction to which they have to bear the brunt of."

Eckenrode gives the example of a customer who has \$100 in a checking account, and that's all the front line knows. Knowing that customer also has an investment account of \$1 million would enable the bank to better serve him or her.

Today, banks need to set the bar higher to produce a positive experience for patrons, says Microsoft's Lewis. Just as coffee lovers go to Starbucks not just for coffee but for the experience, so will bank customers be seeking a similar atmosphere. For example, in the future, banking customers may want alerts on their personal digital assistant, Microsoft SPOT wristwatch, or TV when interest rates reach a certain level or some other event occurs. "Customers will tell banks how they want to be contacted," concludes Lewis. "And this information will be known throughout the banks, so that employees can use it consistently." ●

ROSEANN MCGRATH BROOKS IS AN EXECUTIVE EDITOR OF MICROSOFT EXECUTIVE CIRCLE.

resources

Go to www.microsoft.com/executivecircle/finserv for additional resources on financial services solutions, including:

- A story from *Microsoft Executive Circle*, Summer 2004, on "Five rules for driving customer satisfaction"
- A case study on how Nationwide Building Society uses business intelligence to treat more than 10 million customers as individuals
- A case study on how Wachovia Corp. brings customer relationships to the forefront and improves customer satisfaction in 2,600 retail banking centers