
IBM BANKING INDUSTRY FRAMEWORK Customer Care and Insight

May 20th 2011



Ebru Binboga– CEE Industry Solutions Leader for Banking, IBM SWG

Agenda

- The Changing Face of the Customer
- How Banks are Responding
- IBM Point of View and Key Initiatives
- IBM Solutions
- Examples of Best Practices

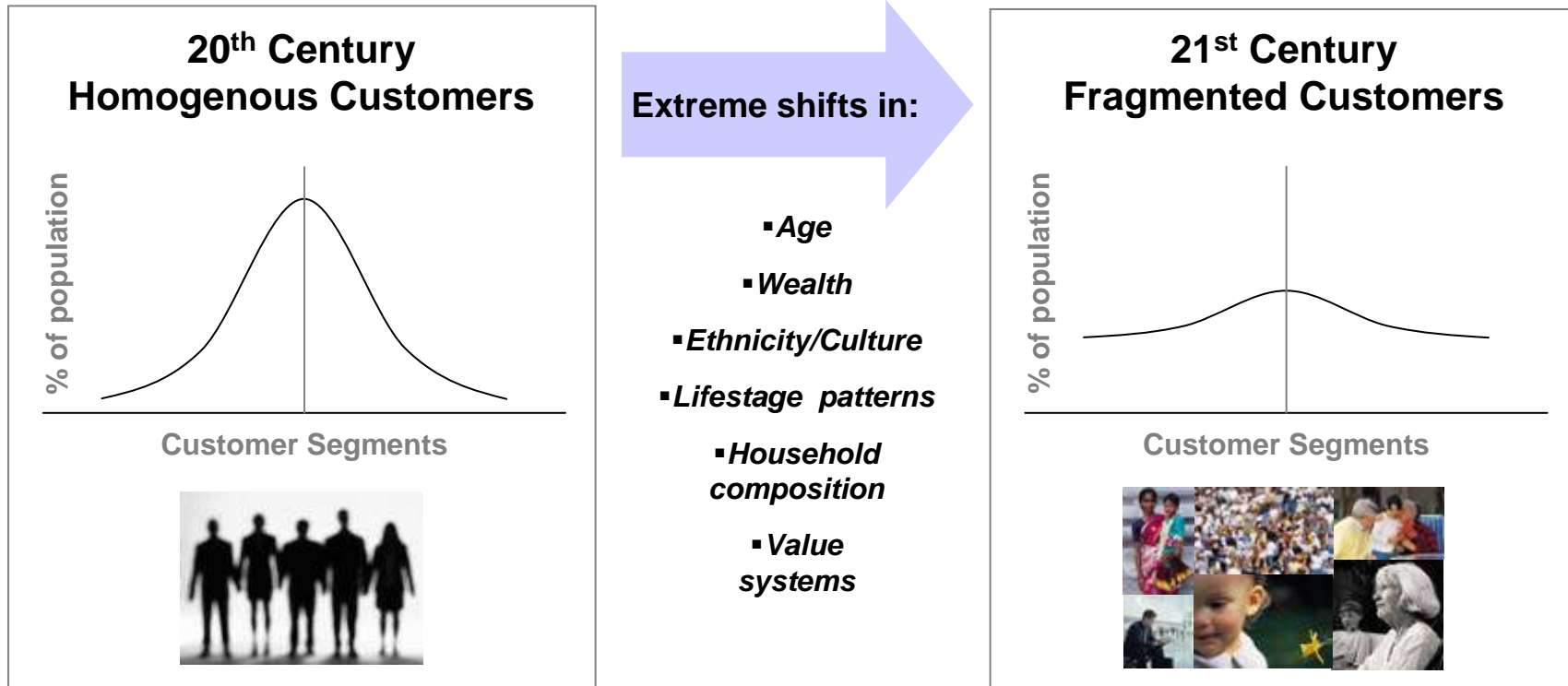
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Customer value drivers are fragmenting – demographics, value systems..

Mass customization becomes essential

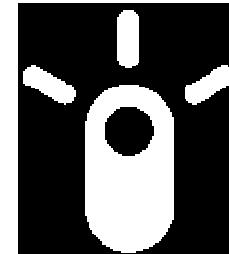
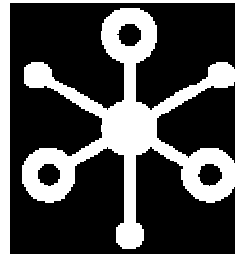
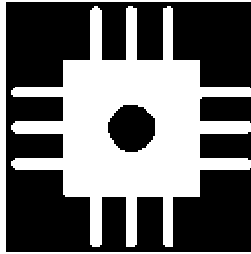
Customer Value Drivers Fragment



Source: IBM Institute for Business Value

❖ *“Norms” become increasingly rare; companies must delve deeper to understand the needs and purchasing drivers of customer micro-segments.*

Who is this 'smarter' consumer?



Instrumented:

They have instantaneous access to information about banks/service providers, products and other consumers' experiences through technology

Interconnected:

They use multiple technologies to interact with other consumers and with their service providers

Intelligent:

They have clearly defined expectations of what they want from their banks/retailers now and in the future

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- Next Actions, How to Fight Competition, Resources

Back to basics:

- Customer again in the center, based on relationship and trust
- Right balance between excellent service (and self service) and personal touch

Combined with extreme personalization:

- Ensure a memorable experience in all the interactions
- Personalized offers, personalized pricing advancing client needs thru the use of predictive analytics and consistent information

„Banking is transactional, but money is emotional“




And the Customer Takes the Lead: Multichannel Integration Facilitates Customer Experience



Analyst Author: **Nicole Sturgill**
Research Director, Delivery Channels
April 26, 2010
Reference # V63:01N

TowerGroup Key Findings

- Banks must be prepared for both transaction migration from attended to unattended channels and customers choosing the channel that best suits their needs.
- As long as delivery channels are managed separately, their separate utilization and budget goals will cost the bank time, money, and valuable customers.
- Banks must resolve the conflict between cost-saving self-service and revenue-generating direct contact by leveraging both to win customer wallet share.
- Cross-channel sales and service applications, personalization, and target marketing are critical technologies that must be implemented regardless of demographics.
- Banks that focus only on how the message looks to the customer without streamlining the entire process will continue to frustrate customers and increase their own costs.



18 January, 2011 - 00:48

Better cooperation between branch and online is top priority for European banks

Improving cooperation between branch, Internet and call centre channels is the top strategic priority for nearly half of Europe's retail banks in 2011, according to a report from Efma and Finalta

1194 views 0 comments

Banks are targeting a step change in direct channel sales and to achieve this they anticipate significant use of differential pricing, says Efma (European Financial Marketing Association).

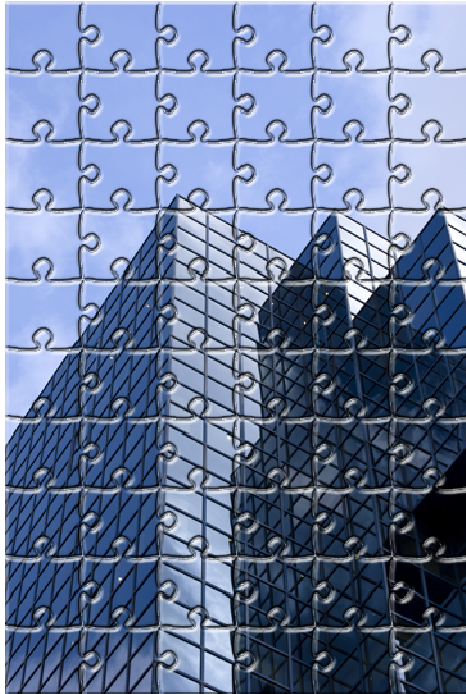
This will bring to a head a conflict between branches and direct channels that most banks have been trying to avoid for some time. Branch sales have decreased from 82% to 78% since 2007, whilst those made via the Internet have nearly doubled, to almost 10%. By 2013, the report predicts, this will be 19%.

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How we are productizing our Banking Industry Framework?

IBM Software Technology



IBM Banking Industry Solutions



Repeated patterns for banking industry are integrated into new program products

IBM provides solutions in four domains that provide the capabilities to address banking business needs

IBM Banking Industry Framework



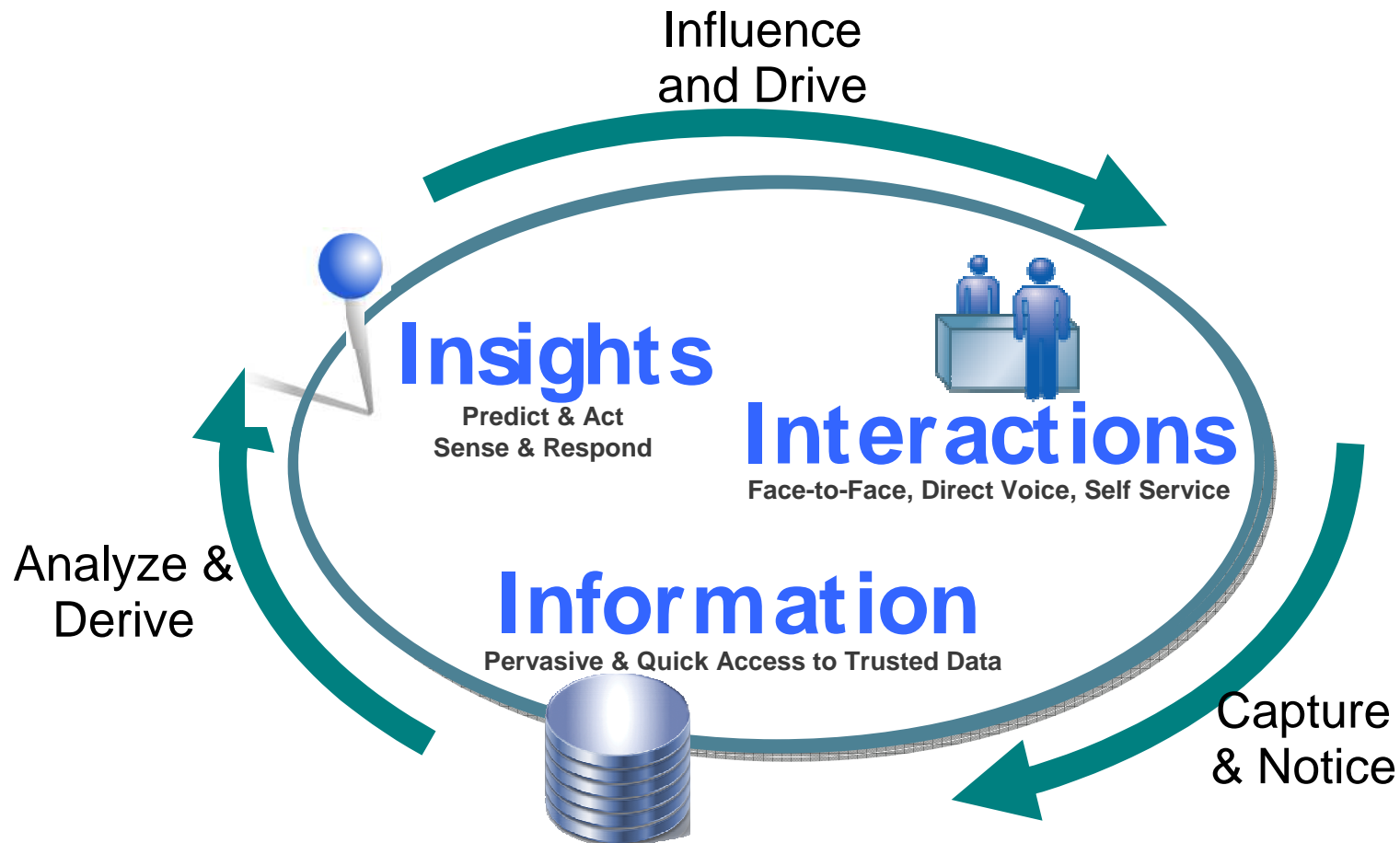
The **core banking transformation** domain allows you to modernize and renovate the legacy applications that support core banking functions while aligning with the changing needs of the business

The **payments and securities** domain helps you progressively transform your payments operations to become more flexible and efficient

The **integrated risk management** domain supports taking a holistic approach to managing financial risk, financial crimes, operational and IT risk, and compliance

The **customer care and insight** domain helps you build a foundation for creating a single view of the customer and enabling more effective and efficient sales and service

What is Customer Care & Insight?



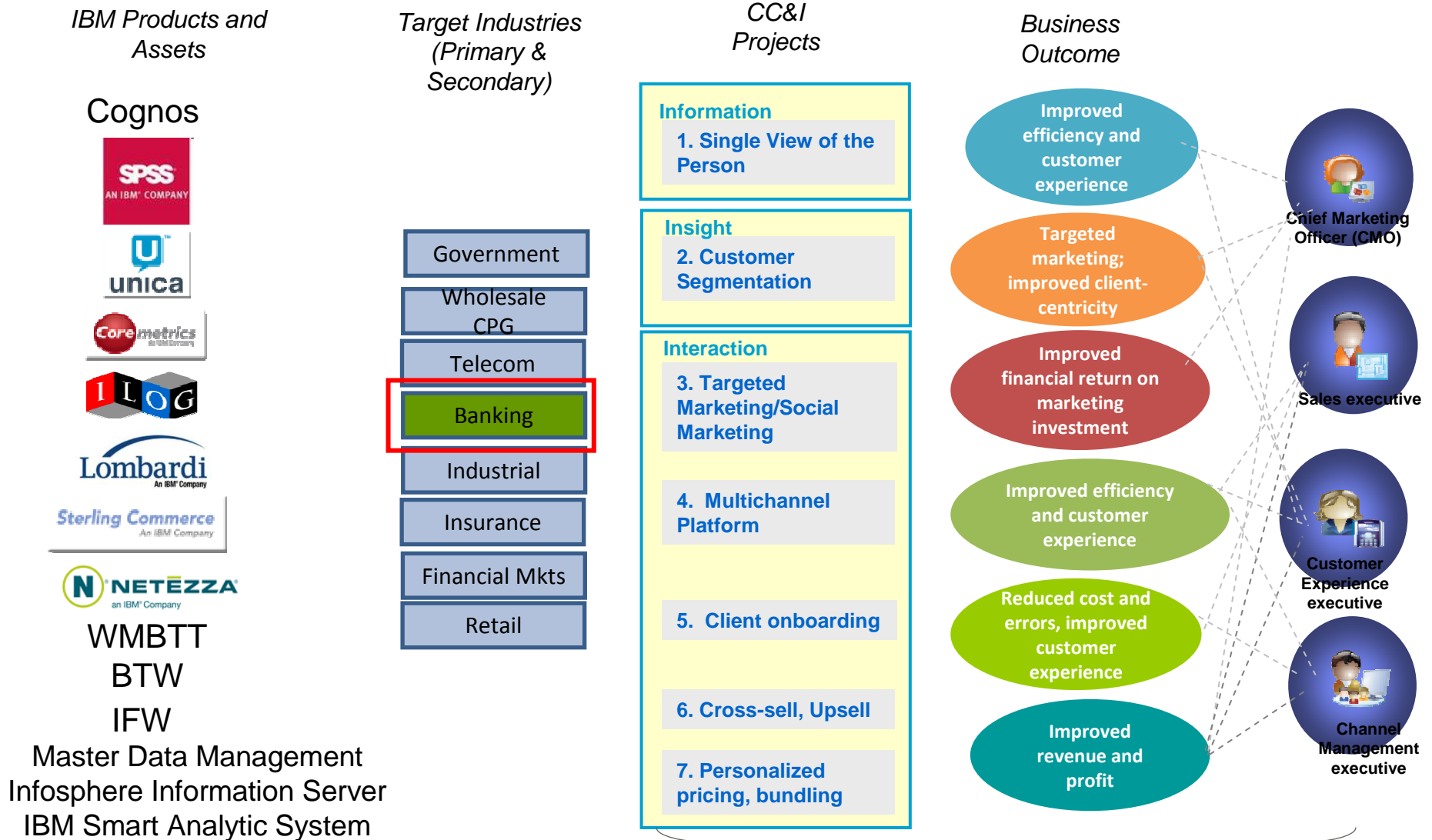
Any entry point, continuous cycle, continuous discovery and refinement

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CC&I for Banking

Combining Products & Technology to deliver solutions that enable business outcomes



IBM Solutions approach

The objective is to provide overtime solutions to answer bank's business demands in the following CC&I projects based on IBM products:

1. Single View of the Person	Information
2. Customer Segmentation	Insight
3. Targeted Marketing/Social Marketing	
4. Multichannel Platform	
5. Client onboarding	Interaction
6. Cross-sell, Up-sell	
7. Personalized pricing, bundling	

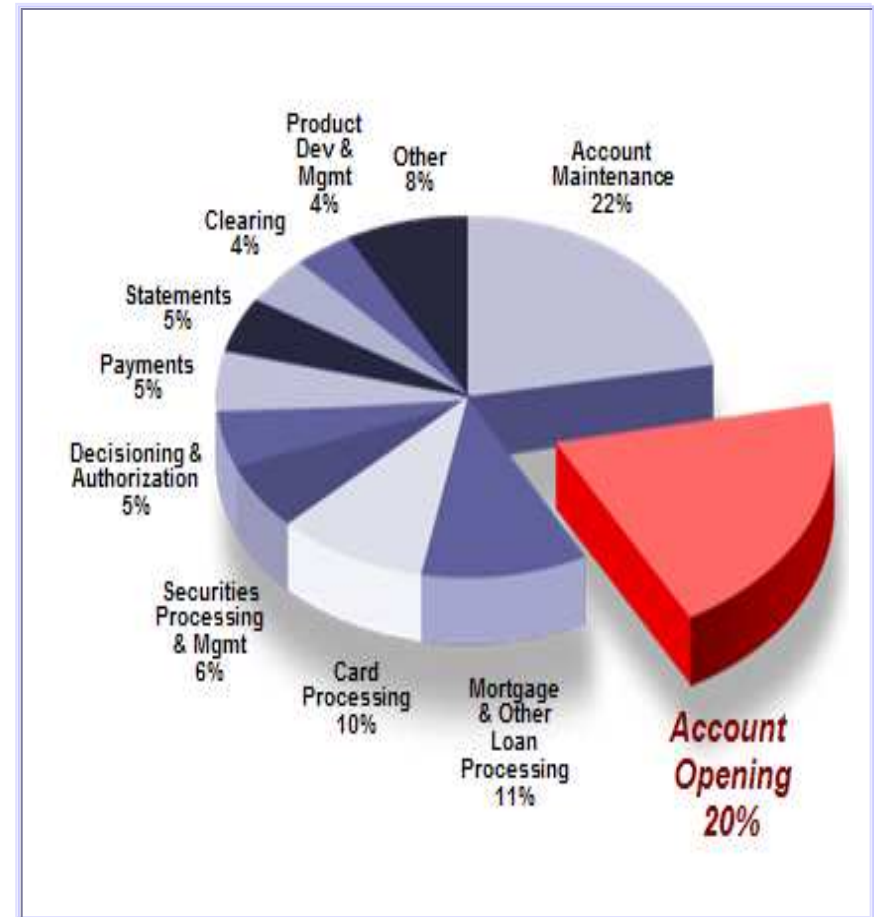
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- **Examples of Best Practices**

Account Opening – Common Problems

- **Lack of integration between the channels results in:**
 - Inconsistent customer experience
 - Increased customer abandonment
 - Inability to leverage customer data from other channels
 - Difficulty in transferring cases and applications
 - Increased work effort for introduction of new products
- **Lack of automation results in:**
 - Administratively intense processes limits cross-sell and up-sell.
 - 90% of applications require manual intervention, increasing both cost and time to fund the account.
- **New Account Opening Costs**
 - Each year the average regional bank incurs the following costs because of there New Account Opening system:
 - \$2.4 million in increased costs due to manual and duplicate process steps
 - \$11.4 million in lost cross-sell and up-sell revenue due to barriers caused by long and inefficient processes
 - \$4.5 million in lost revenue due to client abandonment
 - Account Opening costs are 20% of global banks operating costs

Cost Breakdown of a Bank's Activity
Total Mfg. & Processing Cost Base



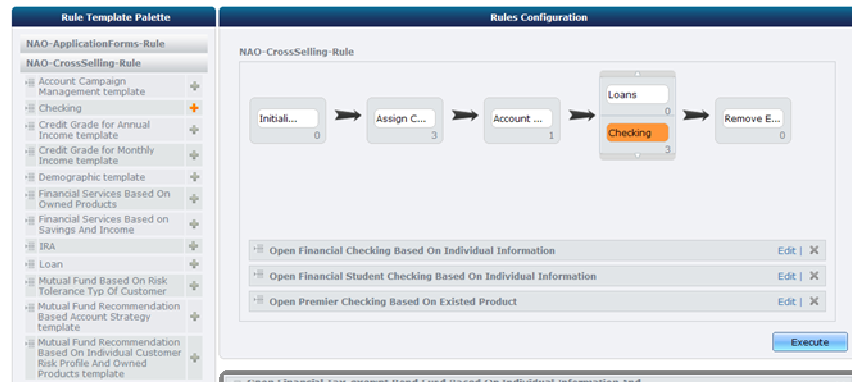
Smarter Account Opening — *New Generation Banking Solution*

The screenshot displays the Open Financial Network website interface. At the top left is the logo for 'Open financial network'. Navigation links include 'locations // contact us // personal banking // portfolio (0)'. A search bar is located in the top right. The main content area is titled 'open an account' with sub-tabs for 'checking', 'savings', and 'other'. The 'checking' tab is selected, showing details for 'Gold checking with interest'. This section lists 'Includes' (FREE Gold Savings, FREE Gold Money Market), 'Features' (Free Debit Card, access to 1,500+ ATMs and 1,200 branches, transactions at other banks' ATMs, instant access via Direct Deposit, no fees on American Express Travelers Cheques), and 'Requires' (\$0 if maintain \$7,500 over all Open accounts, otherwise \$17.50 per month; Open your account with as little as \$100). Below this are buttons for 'More details', 'Compare all', and 'Add to cart'. A large image of a smiling woman and child is on the right. On the left, there is a login section with 'User Name' and 'Password' fields, a 'Log on' button, and links for 'Forgot password?' and 'Enroll now'. Below the login section is a 'I need to...' section with buttons for 'Open an account', 'Borrow for today', 'Save for the future', 'Insure against loss', and 'Invest for growth'. Underneath is an 'Or...' section with a 'View all products and services' button. At the bottom left, there is a 'guidance & advice' section with a photo of a woman, the phone number '800-987-6543', and a 'Chat now' button. The bottom right features four account type cards: 'absolutely free checking' (with a gift icon), 'campus bonus checking' (with a chalkboard icon), 'gold checking with interest' (with a pie chart icon), and 'platinum plus checking' (with a tuxedo icon). Each card provides a brief description of its benefits.

Cross Selling - Customer Advisor Accelerator

▪Flexibility to customize and quickly adjust settings without the involvement of IT to facilitate the negotiation where some product customization and pricing discretion is left up to the front line employee.

▪Incorporates the known information about the client, but also provides decisioning regarding the best personalized products as well as the best customized price to offer all coordinated and working together providing this information in the most effective way depending on that individuals specific job



Open Financial Tax-exempt Bond Fund Based On Individual Information And Existed Products

Save Rule | Minimize | X

if

all of the following conditions are true :

- the owned products do not contain the product : Open Financial Tax-exempt Bond Fund X
- the age [±] is more than ▼ 45 [±] X
- the employment status is one of { Employed , Retired [+]} X
- the amount of the monthly income [±] is more than ▼ 60000 [±] X
- the number of deposit accounts [±] is at least ▼ 1 [±] X
- any of the following conditions is true :
 - the balance of deposit accounts [±] is more than ▼ 15000 [±] X
 - the balance of investment accounts [±] is more than ▼ 50000 [±] X

[-] X

then

add Open Financial Tax-exempt Bond Fund to the recommended products and set the rank of it to ▼ 4 [±] X

Mutual Fund Recommendation Based Account Strategy

Save Rule | Minimize | X

1 - 16 | 16 - 22 | All

Condition editor

the customer strategy is AcquireCustomer

Overlapped by 1 cell(s). Rows have gap(s).

Customer strategy	Recommended Product	Rank
AcquireCustomer	Open Financial Money Market	1
AcquireCustomer	Open Financial Tax-exempt Bond Fund	2
BlockCompetition	Open Financial Aggressive Growth Fund	1
BlockCompetition	Open Financial Index Fund	2
MaximizeRevenue	Open Financial Aggressive Growth Fund	1
MaximizeRevenue	Open Financial Index Fund	2
MitigateRisk	Open Financial Money Market	1
MitigateRisk	Open Financial Tax-exempt Bond Fund	2
IncreaseWalletShare	Open Financial Index Fund	1

Questionnaire

is required

Personal Information

What is your age range? 19 - 39

What is your monthly income? >=8000

What is your residence? USA

Questions for the products you selected

What is the time frame for you to achieve your financial goals? 11-15 years

Which of the following best describes your investment objectives? Preserving principle

Five years from now, what do you expect your standard of living will be? Somewhat better than

From now on, what do you expect your investment annual return to be? 6-10%

Ten years from now, what do you expect your portfolio value will be? Moderately greater

What do you want to do with the income generated by your portfolio? Receive all dividends

Risk Tolerance

An investment decision involves the possibility of high return as well as the possibility of suffering a loss. What most influences your thinking when making an important investment decision? I'm only influenced

Which of the following statements best describes what your reaction would be to short-term fluctuations in this investment portfolio? I would be extremely

Which of the following statements best describes your reaction if the value of your portfolio suddenly declined 15%? I would be very concerned

Which of the following investments would you feel most comfortable owning? Certificates of deposit

Unica at a Glance

Our Business

Software and services to help marketers:

- Better understand their customers
- Run effective interactive marketing campaigns
- Increase marketing accountability and ROI.

Proven and Established

- Headquarters:** Waltham, MA
- Global:** Offices in US, Europe, Asia, Australia, and Latin America
- Financials:** Public. Over \$100M revenue, positive cash flow, profitable*
- Partnerships:** Over 150 local partners, eg GBM

Customer Success

- Over **1,500 organizations** worldwide
- **Tens of thousands** of total users
- In **69 countries**



Product Leadership

- **Proven on :**
 - Flexible open architecture
 - Teradata, Oracle, IBM, MS, Linux
- **Leader in the FSS sector:**
 - 100+ references
 - Including all major banks
- The **recognized leader** in marketing software solutions

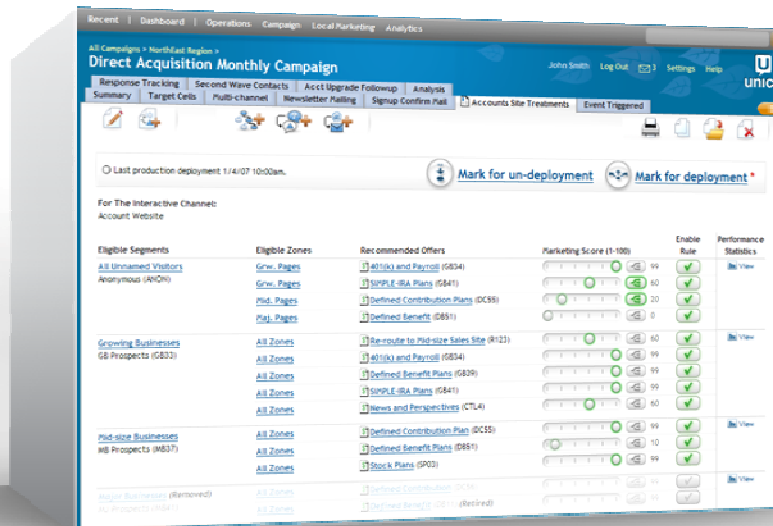


*2009 non-GAAP operating income

Targeted Marketing

bringing science to the art of marketing

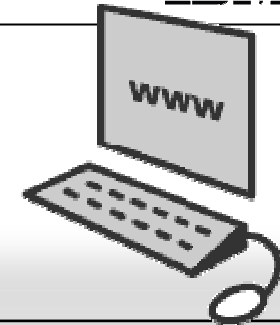
REAL-TIME MARKETING software:



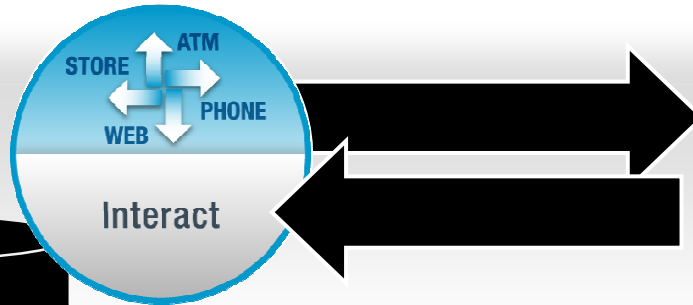
- Presents personalized messages in real-time during inbound interactions
- Personalization based on:
 - Existing customer data *and* new information gained during the interaction
 - Or, behavioral targeting of anonymous visitors
- Designed for easy deployment and management (“so easy a marketer can do it”)
- Meets the most rigorous performance requirements. Up to:
 - 1,000s of transactions per second
 - Half-second average response time

Targeted Marketing

Unica Interactive Marketing



Real-time Visitor Profile



Recently increased savings efforts and cut spending

Carries a low credit card balance but pays on time

Medium Value Customer

Has Checking and Money Market Savings Accounts

On last 3 visits, browsed mortgages and CDs (including one anonymous)

In-Session Data

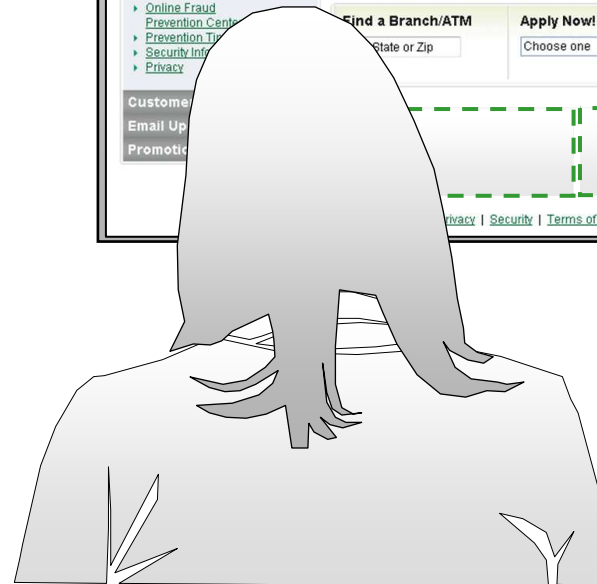
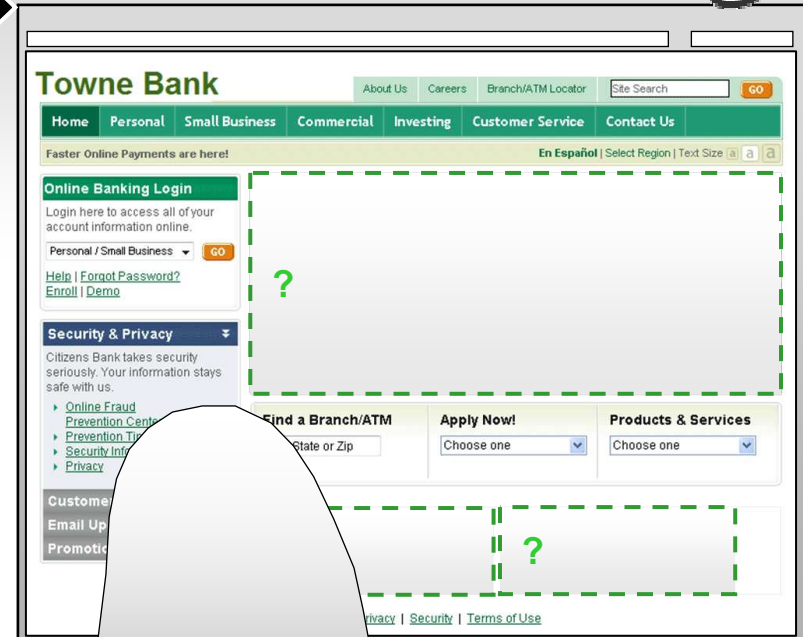
This visit is a clickthru from an email campaign for Savings Accounts

She is using her home computer

Real-time Offer Whitelist

Please update your contact information

Traveling internationally?
Make sure to prepare...



Multichannel platform: MBTT

IBM Multichannel solution helps banks improve their channel delivery capabilities

- Portal capabilities for a **rich front-end user experience**
- **Integrated platform** for channel modernization
 - Rich client based integrated desktop
 - Web 2.0 based internet banking
 - Mobile banking
- Enhanced solution **development efficiency**
 - Integrated multichannel development workbench
 - Pre-built business components and banking transaction templates
- Easy integration with banking backend
- Dynamic business process management for flexible channel delivery



ICBC (Industrial and Commercial Bank of China Ltd) is China's largest bank

- They use BTT to structure their personal internet banking, overseas internet banking and internal management systems with more than 70,000,000 users.
- 50 Million Transactions a day.
- Turning from "a bank near you" to "bank at home"
- Goal to move 80% of ICBC's retail business online banking within 10 years.

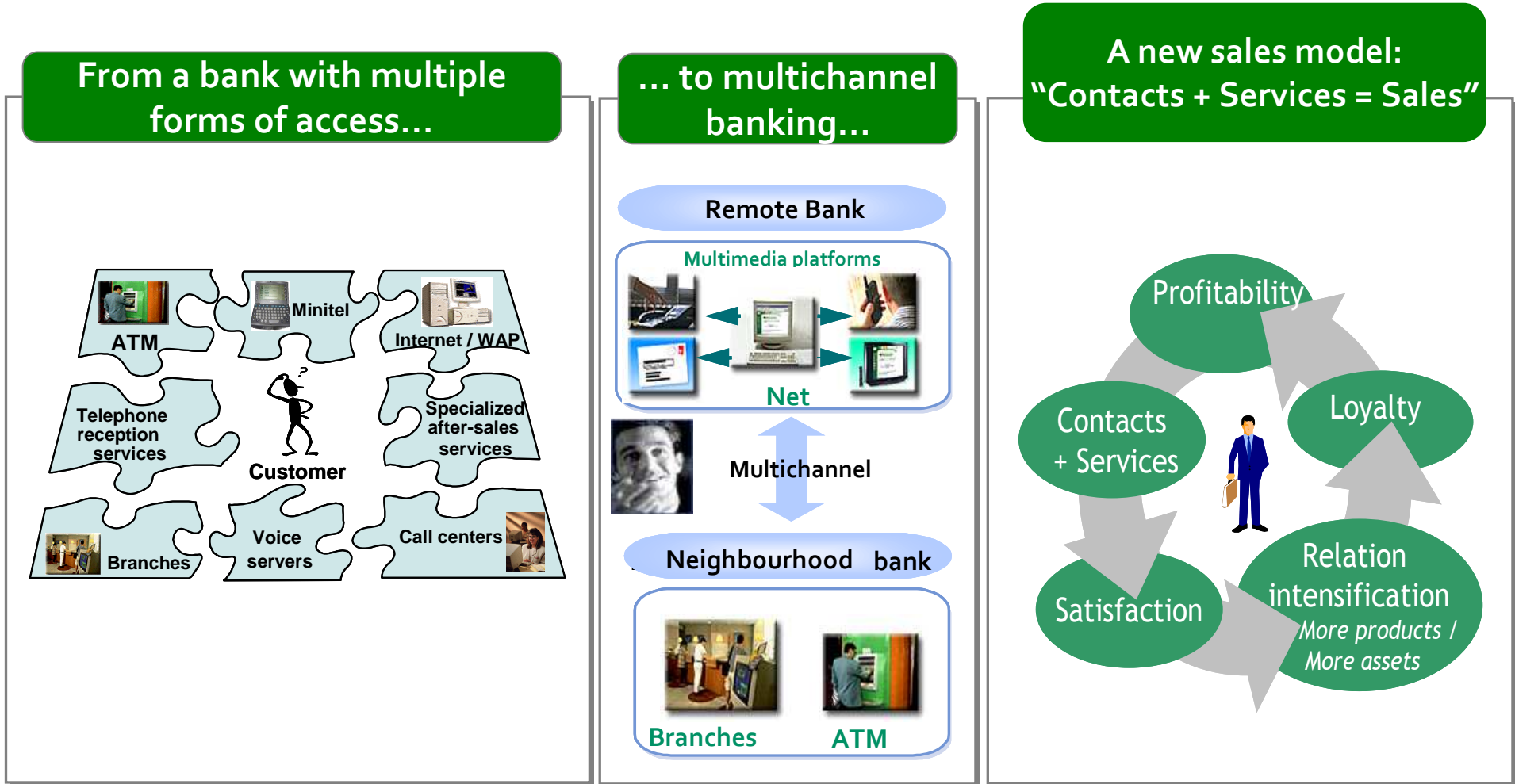


ICBC Wins "Best Retail Bank of China" Award for the Fourth Time

It is reported that ICBC was granted the "Best Retail Bank of China" award by The Asian Banker magazine on the excellence awards ceremony for Asian retail financial industry. It is introduced that the "Best Retail Bank of China" award is the supreme honor that The Asian Banker issues to the retail banking industry in China, and ICBC has won the award for the fourth time in the past six years. Meanwhile, ICBC also won two awards, i.e. "Best Large Retail Bank of China" and "Best Multi-channel Bank of China".

The screenshot shows the ICBC website homepage with a red header. The header includes navigation links for '首页', '个人客户版', and '公司机构版', along with a search bar and language options for '繁体中文' and 'ENGLISH'. The main content area features the ICBC logo and '中国工商银行' name, with a date '2009年10月21日 星期三'. Below this are several service buttons: '用户登录' (User Login) with sub-options for '个人网银贵宾登录', '个人网上银行登录', '企业网上银行登录', and '网站会员登录'; '金融超市' (Financial Supermarket) with links for '基金', '外汇', and '保险'; and a '手机银行' (Mobile Banking) section with a '5折' (50% off) promotion. A '重要公告' (Important Announcements) section lists updates about electronic banking system upgrades and branch service suspensions. A '资讯要闻' (News) section highlights '工行再度蝉联“亚洲最佳银行”殊荣' (ICBC wins 'Asia's Best Bank' award again).

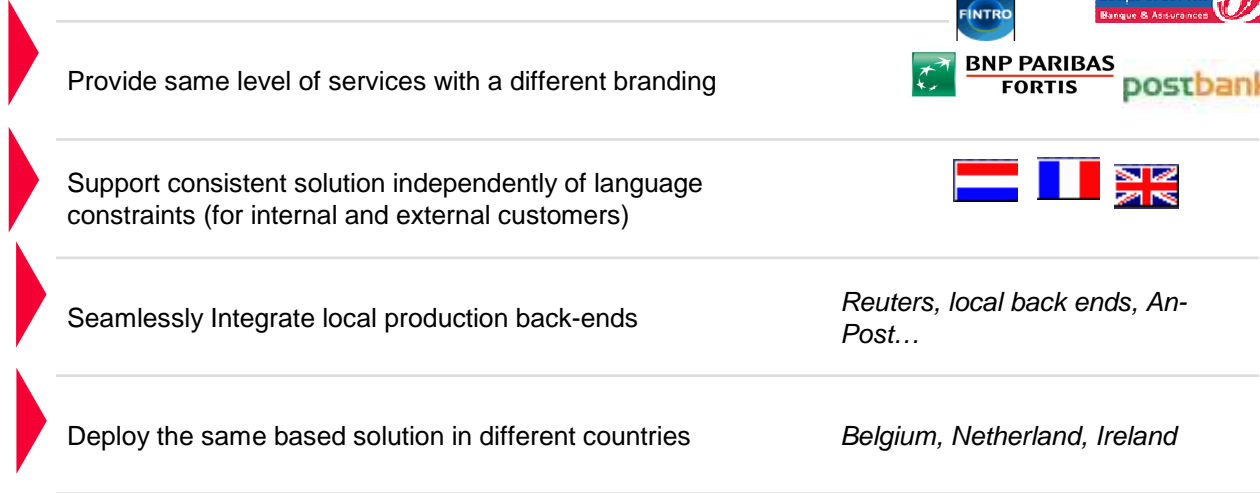
The goal of BNP is to be an “original and innovative” choice differentiating against full online banks, focused on the service and the customer satisfaction



Benefits achieved with the multichannel solution

Example:BNP Paribas Fortis Internet Banking “Multi-everything” approach: develop once, run everywhere

- Multi-brand
- Multi-language
- Multi-partner
- Multi-country



Reuters, local back ends, An-Post...

Belgium, Netherland, Ireland

Current live implementations

postbank[®]

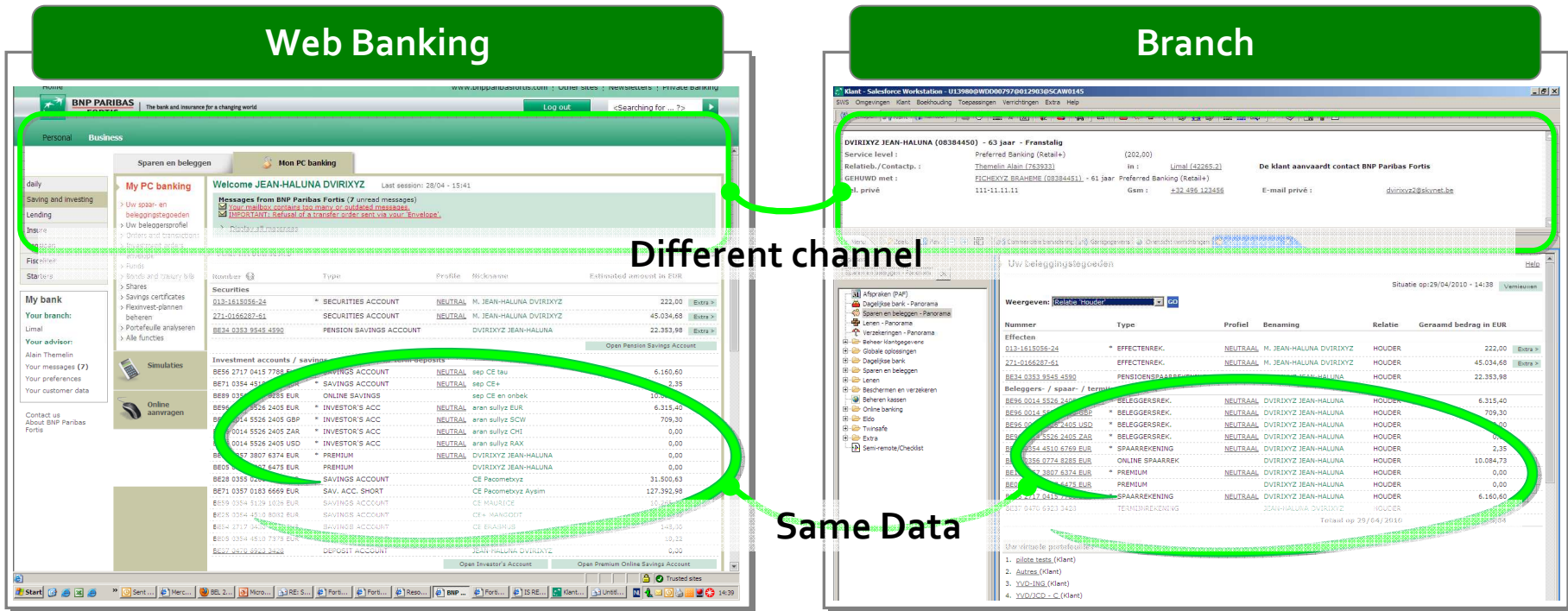
Banque de La Poste

BNP PARIBAS FORTIS

FINTRO

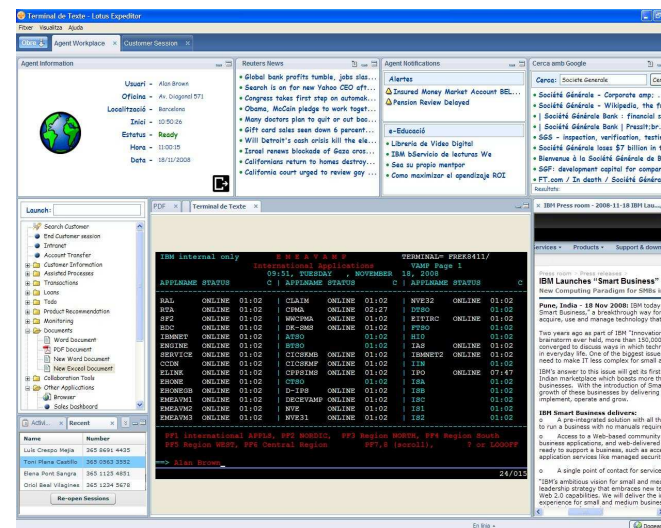
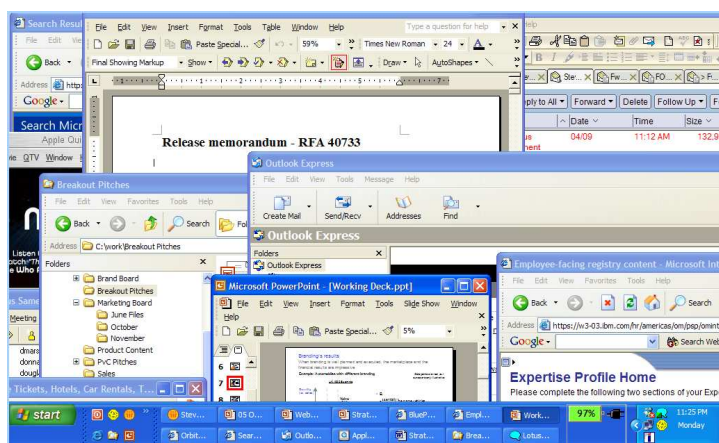
Selective upgrade

Integrated Distribution Model: Same Front-End logic is reused across the various portals



Integrated Desktop (IDT)

- Integrated Desktop provides the infrastructure to build new working environments that reduce the complexity of the existing environment by capturing the expertise that is required to the users, in a desktop expert system.
- A desktop expert system contributes to reduce the learning curve that users need to get expert on a working environment and also to reduce the problems associated with change management in the desktop.



From applications to a desktop definition to solve a business need.
 (Applications are broken into blocks or “services” before creating the desktop)

Search activity - Akbank Integrated Desktop

File Window Help

Open Branch Integrated Desktop

Customer Information

Welcome - Please, search for a customer

AKBANK

Contact Information

Offers Complaints Messages

Inbox

Customer Offers

From Subject Received

Integrated Desk... Tue 11/13/2007 1...

Akrobat Tue 11/13/2007 1...

Menu and fastpath

Launch:

- Akrobat
- Posta
- TT3270
- Word
- Excel
- Akbank Site
- Akbank Yatirimci Site
- IBM Content Management

Search activity

Search criteria

Branch Num.: 111 Name: 111

Account Num.:

Mandator:

Type of partner:

First name:

Birthdate:

Street:

Zip / City:

Found Partners

Bran.	Account	Name	Rule	Adress	Status	BirthDate
891	54061	Ayse Okyayuz	1078930	0 Istanbul, Gül Sok Levent	3	1/1/80 12:00 AM
741	150185	Canan Cabbar	23678	1 Istanbul, Yapı ve Kredi Plaza C BL...	4	1/1/80 12:00 AM
890	54301	Tarik Acar	1079270	2 Istanbul, Levent Plaza A Blok Ka...	3	1/1/80 12:00 AM
894	53031	Luis Crespo Mejia	1085569	0 Barcelona, Av. Diagonal Edifici ...	3	1/1/80 12:00 AM
743	140184	Francisco Roque	1118376	1 Barcelona, Av. Diagonal Edifici C...	3	1/1/80 12:00 AM
895	51321	Isidre Garriga Oliveras	1127955	2 Barcelona, Av. Diagonal Edifici ...	3	1/1/80 12:00 AM
111	20001111	Charo Posada Granda	1128123	3 Barcelona, Av. Diagonal Edifici G...	3	1/1/80 12:00 AM
111	20002222	Elisabet Gassiot Pintori	1105922	0 Barcelona, Av. Diagonal Edifici P...	3	1/1/80 12:00 AM
111	20003333	Elena Pont Sangra	1128171	1 Barcelona, Av. Diagonal Edifici S...	3	1/1/80 12:00 AM
111	20006666	Jordi Busquets Cervera	1128172	2 Barcelona, Av. Diagonal Edifici C...	3	1/1/80 12:00 AM
111	20008888	Montse Batalla Foix	1128173	3 Barcelona, Av. Diagonal Edifici F...	3	1/1/80 12:00 AM
111	20009999	Montse Roca Juncosa	1128190	0 Barcelona, Av. Diagonal Edifici J...	3	1/1/80 12:00 AM
111	20001010	Mariano Plaza Benimeli	1128191	1 Barcelona, Av. Diagonal Edifici B...	3	1/1/80 12:00 AM
111	20001212	Oriol Beal Vilaginés	1128192	2 Barcelona, Av. Diagonal Edifici V...	3	1/1/80 12:00 AM
111	20001313	Oscar Fernandez Valle	1128193	3 Barcelona, Av. Diagonal Edifici V...	3	1/1/80 12:00 AM
111	20001313	Toni Plana Castillo	1128170	0 Barcelona, Av. Diagonal Edifici C...	1	1/1/80 12:00 AM

Document List

- Financial Services
- WIPO Mediation Center
- Economic Indicators
- Turkish Economy
- Graph of Results
- Branch Statistics
- Google Site
- Wikipedia Site

Calendar Tasks

Subject Due Date

Click here to add ...

There are no items to show in this view.

Cancel Clear Back Forward New prospect Search Select

Online

Multi-Channel Transformation Benefits



Increased Revenue

- Quicker to market with new products and offerings
 - Add new products once
 - Cross Sell with insight
 - Single view of customer
 - Consistent branding

Operational Efficiencies



- Elimination of redundant processes and functions
 - Maintenance/Changes/Development
 - Systems Management

Improved Customer Satisfaction



- Customer begins to feel *“My financial institution knows me”*
 - *Any customer, any access point*
 - *Personalization*
 - *Enterprise owns customer, not channel*
 - *Intent is remembered, regardless of channel*

Thank you

Ebru Binboga
CEE Industry Solutions Leader for Banking, IBM SWG