

CRM In Core Banking Systems



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The integration of a Customer Relationship Management (CRM) component into a financial institution's core processing system has been the topic of discussion for a long time in the financial services industry. Integrating a CRM component with a bank or credit union's core processing system can provide online real-time data about the financial institution's customers or members. This white paper will show how integrating CRM capabilities into a core processing system will translate into real dollar savings from operations and improved ROI from marketing and sales programs.

Customer Information Systems

A major component of core banking systems is the customer information system (CIS). Historically, the CIS has only offered access to customer profile information to branch and sales personnel. A recent report from the Gartner Group outlined new requirements for the customer information system including customer segmentation, cross selling, and contact management. The report indicated that customer information systems are best supported by customer relationship management (CRM) systems designed to deliver these capabilities within a comprehensive application framework. These requirements overlap the primary attributes of CRM systems that are being implemented in financial services organizations of all sizes. Simultaneously, financial institutions that have deployed CRM are requesting real time interaction with other information available in their core banking systems. A financial institution's IT organization faces three options in order to provide these capabilities to their enterprise:

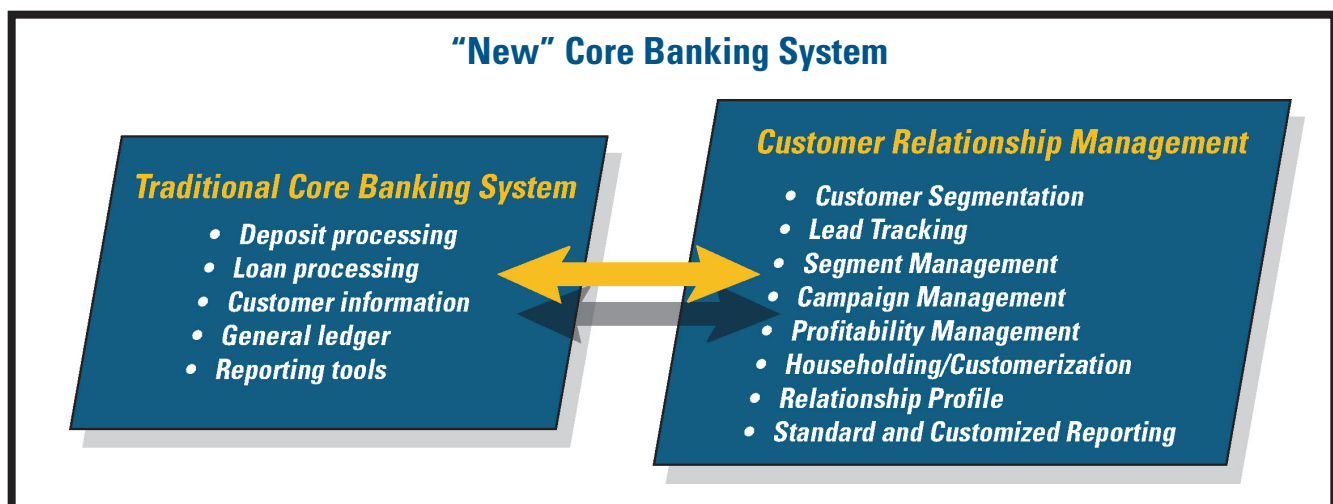
- Provide a standalone MCIF application with limited integration with the core banking system.
- Employ middleware to integrate an acquired CRM application with the core banking system.
- Select a new core banking system suite that offers native components for comprehensive CRM.

To effectively meet the needs of the entire enterprise, these options must also be evaluated against IT requirements for data consistency, process management, and business intelligence. The integration of best-of-breed CRM components with the leading core banking applications provides the optimal solution for enterprise business units and IT. This approach brings important benefits to improve operational efficiency, customer service levels, and decision-making.

Considerations

Operational > Data Consistency

The wide range of applications and data in a "new" core banking system demands strategies to insure that the information from these applications is shared appropriately based on the task or function. For example, information from all customer channels need to be managed coherently, so that all applications are kept current with change as it occurs. CRM is most effective when all customer contacts can be brought together to provide a "360 degree" view of the customer or member. This means that when a customer



initiates a change, that information is reflected quickly across the bank. It should not matter if the change comes from telephone customer service, online banking, front line sales, or paper documents. The new view of the customer is quickly updated across all channels in the financial institution.

Key benefits:

- Improved data integrity with CRM integration which keeps all systems current
- Ability to manage customer activity across multiple applications
- Consolidation of all data from different banking systems into a single data store that is more easily maintained
- Householding and customerization services with CRM insures that transaction data is linked with the right customer
- Support for multiple delivery channels which capture all customer activity in a single repository
- Integration of customer information with the full range of bank applications; this enables target marketing, cross selling, and telemarketing
- Ability to push relevant customer information to branch and sales personnel
- Support for real-time, 24 x 7 data currency



Collaborative > Process Integrity

As customers engage with different individuals and channels in the bank, important two-way communication occurs that impacts customer satisfaction and loyalty. A recent study of online banking services from Celent Communications states, “a rich Internet banking platform improves not only the stickiness of the site, but, more importantly, the stickiness of the bank itself.” With direct banking, customers manage their accounts on their schedule as time permits, not just during the bank’s official hours of operation.

With CRM components for call center and customer service, the bank can respond quickly to customer change. The business processes underlying these customer activities are coordinated to maintain a single accurate view of the customer. As a key side benefit, a good understanding of customer behavior allows the financial institution to make timely offers to the customer that are of value to the customer and contribute to better retention. Finally, when change transactions occur, a CRM component tightly knitted with the processes of the core banking systems can shorten the time for that change to be reflected across the bank. With real-time management of customer activity, significant customer events can be identified and managed to optimize the relationship between the bank and the customer.

Key benefits:

- Provide an accurate and current view of the customer
- Improve responsiveness to changes in customer activity
- Provide a consistent view across the bank’s organization
- Share new business opportunities and customer and member information across the organization
- Provide an integrated customer view that combines customer balance, customer profile and contact management activity to branch and sales personnel
- Improve sales results across channels

Analytical > Business Intelligence

To improve the ROI on marketing and sales campaigns, organizations must establish metrics that can be measured through the execution of marketing campaigns. Market automation with embedded links to real-time customer activity enables analysis from the granular retail transactions to highly-defined customer segments. The planning, execution, and sales management of marketing campaigns is dramatically improved when campaign management is an extension of the core banking system. Access to sales and product data in shorter intervals enables timely corrections in sales campaigns to improve overall yields. As customer profitability and external demographic information is added to the customer view across the enterprise, customer retention strategies can be devised based on accurate customer profiles.

The ability to drill down from summary data to detailed transactions can dramatically enhance the accuracy of product pricing and packaging decisions. CRM components linked to the real-time activity of customers, products and channels in the financial institution improve the predictability of marketing and sales results and therefore the return on investment for the shareholders.

Key benefits:

- Support analysis combining front-office and back-office data
- Improve business intelligence
- Integrate external information with customer information to get the total picture of the customer relationship
- Improve marketing automation by capturing the most current customer and member activity
- Improve the ability to track and manage customer profitability
- Better integrate customer profitability into business models

Conclusion

Core banking applications with integrated customer relationship management features will offer significant benefits to banks over incremental approaches. These benefits will translate into real dollar savings from operations and improved ROI from marketing and sales programs. This integrated approach will enhance the success of customer retention and customer loyalty programs.

MCIF was born from the need for an integrated view of the customer. CRM broadened the data view and added the process and analytical dimension. Integrating CRM into the core banking system enables a closed loop for data, processes, and business intelligence.





SEDONA
CORPORATION

455 South Gulph Road, Suite 300
King of Prussia, PA 19406
T (800) 815-3307
F (484) 679-2201
www.sedonacorp.com