

# Monetising the customer – CRM in the finance industry

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## Quocirca Comment

In the old days, managing a customer in a bank or an insurance company was pretty easy. Most would have just one or two accounts and would be dealt with through one or two methods – face to face, via mail and or the telephone. Things have got a little complicated since then, though. Now, the finance industry has spread its reach over a multitude of different offerings and has a plethora of ways that its customers can interact with it. Web banking, specific mobile clients, social networks and email now vie with the older-style (but still very important) mail and telephone, while face-to-face still shows no sign of being able to be side lined. Also, different types of customer have different preferences as to how they would like to be dealt with – and woe betides any organisation that tries to force any means of interaction across the board.

So how can a company in the finance space best deal with its customers?

Figure 1, shows the need that a modern financial institution has, and the change in viewpoint that is required. Historically, the institution has been the centre of the interaction, and the customer has had to interact through different silos – both on a per product basis, as well as on a per channel basis. For example, if a customer wanted to take out insurance on-line, they would often find that there was no knowledge of them as a current account holder. If they phoned through to ask a question about the web-based request they had just made, the agent would not be able to see the application as it would be “owned” by a different application.

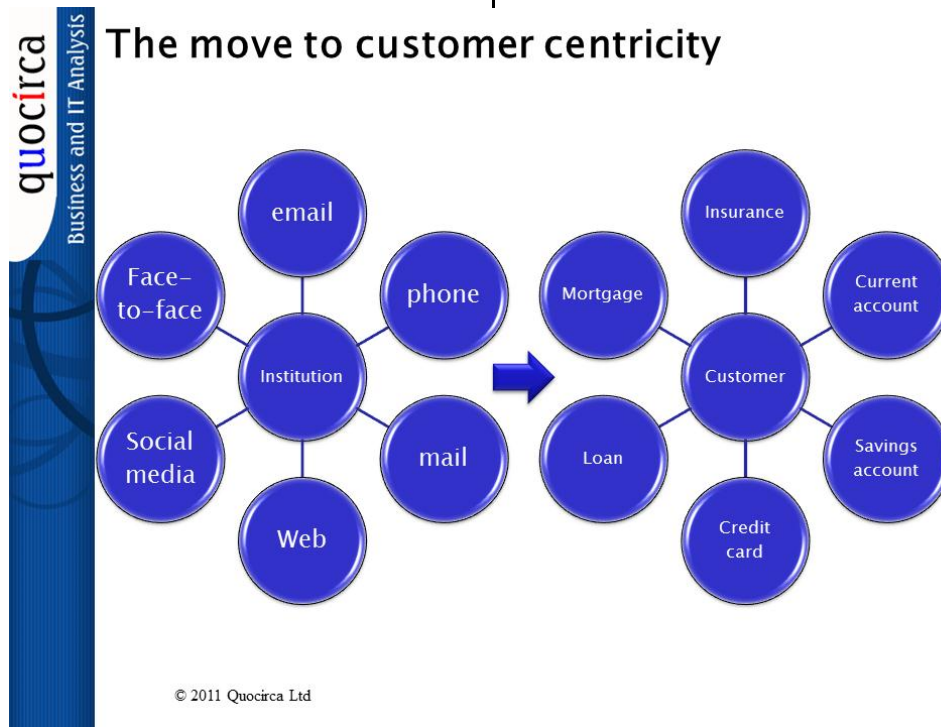
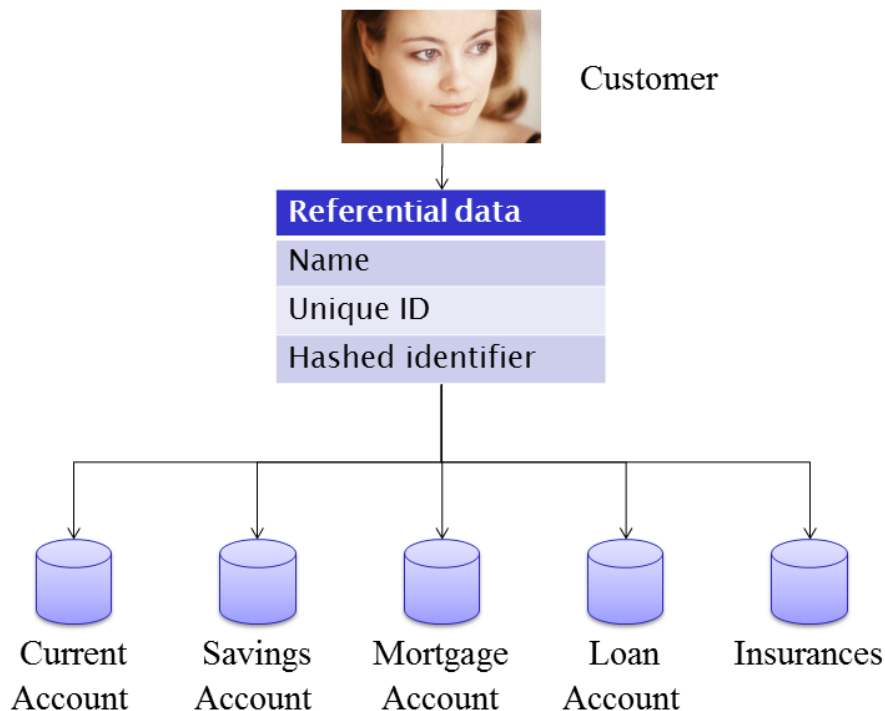


Figure 1

Received wisdom has been that a generic customer relationship management (CRM) software package can solve these issues. However, many institutions that have gone down this path have found that it essentially introduces yet another silo of information, and that linking it to the various existing systems involves expensive, fragile integrations that are difficult to maintain over time as the various systems are patched or upgraded.

Figure 2, shows an alternative approach, using master data management (MDM). Here, the essential reference data around a customer is aggregated into a single database. In this case, for the utmost security, this is reduced to the customer's name, a unique identifier and a securely hashed "signature" (indeed, it may just be a unique identifier and the signature). Each of the existing systems then has to have an additional field matching the equivalent hashed identifier. From there onwards, any access made around the customer is carried out through the MDM database, giving access to all information about that customer.

## Customer centricity



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Figure 2

Figure 3 shows how this can then be extended to give the 360 degree view of the customer. An enterprise service bus (ESB) provides a means for data to flow between the existing applications. If necessary an "aggregation application" (which may be a CRM system) can be placed in the system to ensure that all

information is collated and can then be presented to the various people who may need to access it – whether this is the customer themselves or a bank employee. By applying granular security within the aggregation application, only those who have the rights to see certain information will see it.

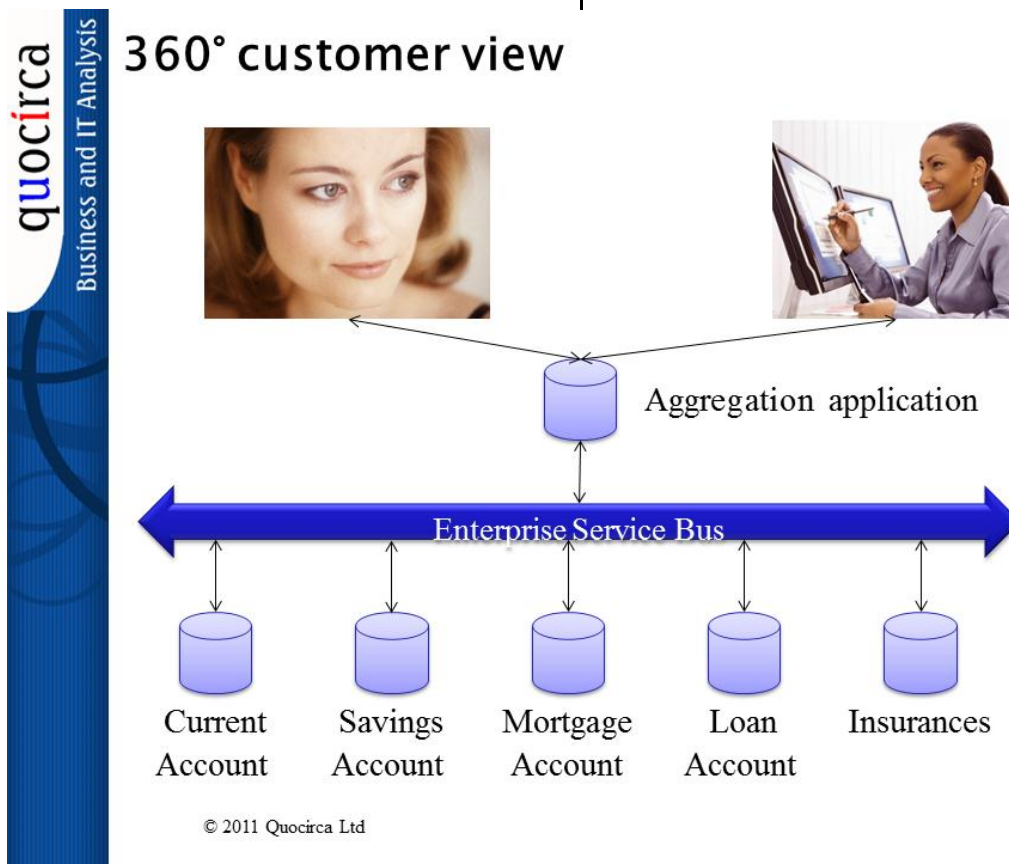


Figure 3

The key here is to ensure that the "domino effect" can be dealt with across the different services the customer has with the institution. For example, being able to see how well a customer has been running their current account, what level of savings they have in their savings account, that they have no loans outstanding and that their credit card has been paid off on time over the past 12 months makes a decision around granting a mortgage far easier. It also enables a customer to manage their affairs far more easily through the means that they choose. The least cost route for the institution itself is generally the direct automation – a customer carrying out the

majority of their interactions via the web is far cheaper than one using ATMs, counters or email.

Even where the customer does feel there is a need to contact an agent via telephone or face to face, the fact that the institution's employee or representative has full vision of all the interactions the customer has had with the bank means that they will be better positioned to help the customer in the minimal amount of time, both saving money and enhancing the customer experience. If the customer can see all their financial services from the one institution in one place, they can move money between the different accounts, can make better informed choices on additional services and be a better

(and often, therefore, more profitable) customer overall.

Indeed, through using an architecture as outlined above, the institution will also have a much better idea as to how to position itself. With a full knowledge of the customer's complete interactions with the institution, offers of targeted services can be made that the customer is more likely to pay for.

In many pieces of research, certain financial services organisations have been shown to be poorly perceived by their own customers. This need not be the case; however traditional CRM may not be the best way to improve things. Ensuring that existing systems can be brought together in a meaningful way will ensure that these systems can continue to be used, so maintaining the value of the assets, but also that the customer's and the institutions needs are brought more in line with each other.

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Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

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