

Account Opening: Optimize the customer experience while reducing costs



Highlights

- *Streamline the account opening process by delivering a seamless interface and enhanced collaboration capabilities to improve the customer experience*
- *Increase operational efficiency and responsiveness by sharing a common account opening process across lines of business and channels*
- *Enhance the customer experience with improved information access and streamlined processes*
- *Lower risk and threat of fraud with the “single version of the truth” enabled by master customer information*
- *Improve the effectiveness of cross-sell and up-sell efforts by enabling a 360° view of the customer*

Account opening inefficiencies hamper efforts to expand customer relationships and cut costs

Driven by customer expectations and competitive pressures from market leaders, banks are reassessing their delivery and customer management strategies. There is a critical need to eliminate inefficiencies and optimize information management. In accomplishing this, banks will be able to reduce costs, attract and retain more customers, and deliver a higher quality experience across all touch points.

In particular, account opening processes represent a substantial opportunity to improve the productivity of a critical customer-facing process — while driving down costs. Across the phases of the account opening process — presale, application, verification, fulfillment and activation — banks are experiencing major issues that make it difficult to achieve organic growth objectives. Information redundancies and inconsistencies as a result of dispersed, disparate information systems silos complicate banks' efforts to improve both customer service and account opening closure rates. Consequently, the account opening process can vary dramatically by line of business, product and channel. This results in an inconsistent customer experience which leads to low customer satisfaction results and worse, customer defection.

These inconsistencies and inefficiencies also drive costs higher. Recent studies reveal that 42% of banks' operational costs are related to account opening and maintenance. (BACK PAGE ATTRIBUTION: IBM Institute for Business Value Analysis. IBM client engagements. Processing costs were based on a typical large bank). The source of these costs can include:

- Operational expenses for maintaining duplicated, non-integrated customer information silos
- Heavy dependence on manual, paper-based processes
- Multiple, complex and poorly designed forms that cause high error rates when input from paper to computer.
- Lack of standardized processes and controls
- Repetitive, low-value administrative tasks

Regardless of the product, line of business or channel, the account opening process requires an integrated view of customer information and must seamlessly incorporate document-based information such as identification documents, application forms, credit documents and more. Dependence on these physical documents often causes delays and increased costs for organizations. These inefficient processes have a substantial negative impact on employee productivity, product and service innovation, compliance with regulatory requirements, and on the bank's abilities to respond quickly and accurately to customer inquiries.

To address these challenges, a number of banks currently deploy point solutions that only target a particular product, line of business or channel. These point solutions lack the enterprise end-to-end capabilities and interoperability that banks need to optimize the customer experience, minimize operational costs and respond to ongoing risk and compliance mandates. Banks are seeking solutions that provide interoperability, modularity, ease of use, security and multi-channel enablement across the entire account opening process.

According to analysis of a global bank's activities by the IBM Institute for Business Value, 20% of the bank's total development and processing cost base was for account opening and 22% was for account maintenance.¹

Leverage Service Oriented Architecture and a Comprehensive Information Management Strategy

Using all of your information assets is vital to reinvigorating your account opening processes while lowering costs. IBM's award winning Enterprise Content Management (ECM) solutions for the banking industry help banks respond with flexibility and speed to virtually any customer demand, market opportunity or external threat. As a result, 23 of the top 25 banks in the world have turned to IBM ECM to help make them On Demand businesses. With access to the industry's most complete set of ECM and Business Process Management (BPM) capabilities, our customers continue to enrich and expand the business benefits of their investment in this technology by applying it to account opening solutions that deliver value to the customer and the financial institution.

Adopting a Service Oriented Architecture (SOA) approach has emerged as a preferred method for designing new solutions to achieve the requisite flexibility, speed, agility, resilience and component reuse in the banking and financial services industry. Service orientation takes everyday business applications and breaks them into individual repeatable business tasks or components. This enables solution asset reuse across departments and throughout the infrastructure. By using open industry standards to coordinate components, it becomes easier to tie together existing enterprise resource planning (ERP), human resources (HR), customer relationship management (CRM) and supply chain systems from leading vendors such as SAP, Oracle, Siebel and JD Edwards. As a result, SOA-based solutions can be implemented without a "rip and replace" approach. Additionally, these standardized business components can be choreographed into business processes and shared across multiple areas rapidly, easily and consistently to help drive improved time to value and reduced costs.

IBM ECM software, a key building block of IBM's solutions for the banking industry, is vital to employing an SOA strategy. It helps our clients achieve business flexibility by enabling them to model, assemble, deploy, manage and report on business processes for today's on demand business environment. Moreover, adopting an SOA approach will support the optimization of information across your line of business silos. These integrated, reusable components help banks automate, integrate and accelerate the process for opening new accounts, supporting multi-channel transformation, enabling customer insight, and managing risk and compliance.

As a key element of an SOA, IBM ECM helps banks optimize the efficiency and cost of each phase of account opening, as well as of the entire account opening process — from initial customer contact to fulfillment. IBM account opening for banking can enable banks to:

- Establish a unified view of customer account information across multiple channels.
- Deliver the role-specific customer information and tools that staff need.
- Automate manual workflow processes to help speed account opening and minimize costs, while providing the same level of rigor and consistency across channels and lines of business.
- Optimize processes to create efficiency and effectiveness in every phase of account opening — including presale, application, verification, and fulfillment and activation.

Establish unified view of information

IBM ECM enables banks to leverage all forms of information to transform the account opening process and deepen wallet share among existing customers. Establishing a common repository of information also helps banks speed the process by increasing employee productivity through access to existing customer information.

IBM ECM also enables tellers and other customer-facing staff to respond more rapidly to customer requests. The ability to search and retrieve complete customer account information easily and quickly streamlines exception processing and issue resolution. As a result, personnel can collaborate on customer information across lines of business and channels, business processes and geographic boundaries to quickly resolve customer problems and speed account opening. Additionally, to help banks optimize the account opening process for audits, IBM ECM facilitates management of account opening documents throughout their lifecycle — in accordance with internal policies and external compliance regulations.

Deliver role-specific information and tools to staff

Deploy IBM software for banking to give the appropriate, customized functions to the different personnel within the bank — including tellers, platform officers and branch managers. With this capability, banks can optimize staff productivity by:

- Minimizing the time employees spend looking for information.
- Automating, standardizing and reporting on the processes that accelerate account opening.
- Capturing additional data that the bank can leverage for its up-selling and marketing efforts.

Automate manual workflow processes

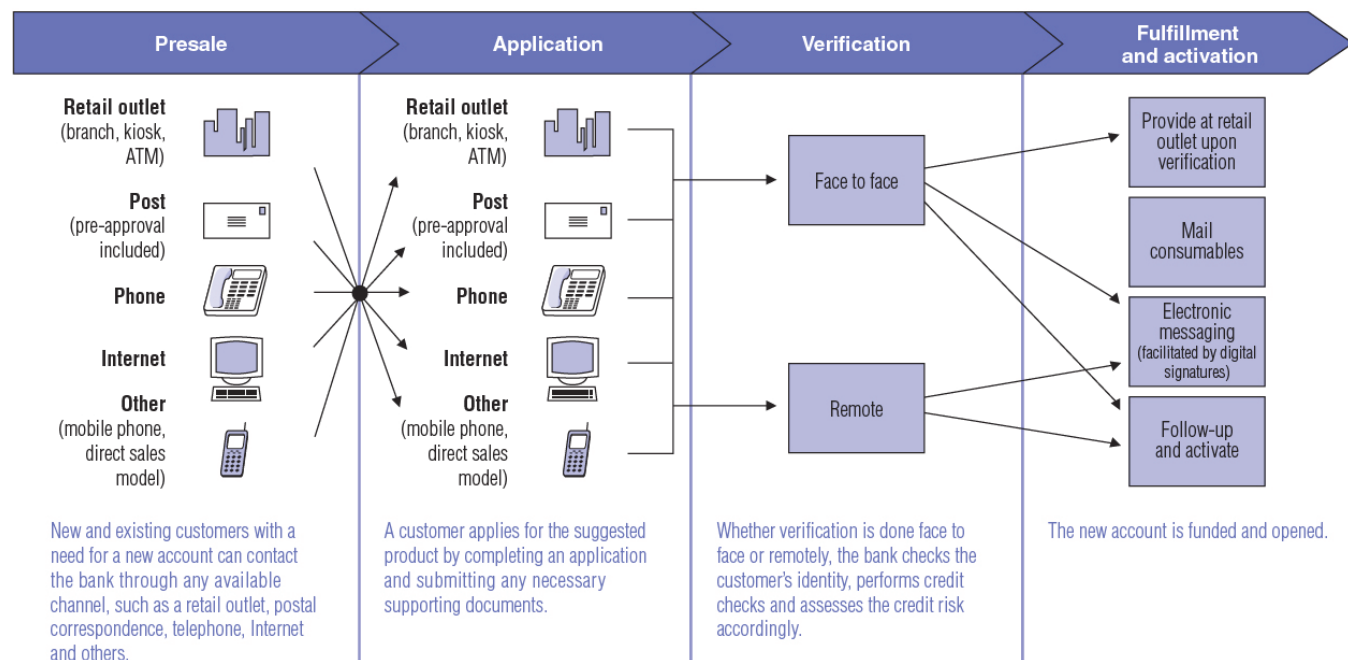
IBM software helps banks deploy an integrated end-to-end account opening solution. The keys to achieving this are business process management capabilities across all phases of account opening. These capabilities automate historically manual, labor-intensive processes, and enable:

- Process modeling, simulation, monitoring and reporting to help optimize resources, performance and project risk while reducing costs
- Process controls that help address regulatory compliance obligations.

Because IBM software integrates with applications and Web services across the enterprise, banks can optimize workflows while leveraging their existing account opening software, hardware and Web services.

Optimize processes in every phase of account opening

Typically, account opening can be divided into four distinctive phases — each of which is addressed by IBM account opening for banking:



Presale

During the presale phase, banks can use IBM ECM to optimize the product and service offers they make to customers by accessing a complete view of the customer relationship. By leveraging the power of IBM ECM, banks can:

- Make the right offer to the customer at the right time in the right channel.
- Automatically target specific products based on customer needs.
- Leverage real-time insights to make intelligent decisions that drive sales.
- Create positive first impressions with customers.

Application

To help simplify and speed the application phase, IBM ECM enables banks to replace paper forms with electronic forms — and thereby optimize the capture, management and storage of customer account opening information. Additionally, this enables banks to initiate use of a single client template across lines of business and automatically populate the template with customer information as new services are sold.

IBM ECM software integrates with our electronic forms technology to help banks automate data capture regardless of the channel. This enables banks to:

- Use common application eForms enterprise wide
- Store the digitized information in a centralized repository of customer information
- Help minimize error rates by pre-populating existing customer information
- Reduce application abandonment rates, by simplifying and automating the form-filling process
- Dynamically personalize forms based on the data entered
- Rapidly validate the accuracy of data and provide immediate feedback to the customer when information needs to be corrected
- Drive downstream processes based on eForm data

IBM ECM software gives bank loan processors, branch tellers, call centers and other authorized staff cross-organizational visibility into customer account information — including application forms and supplementary documents such as employment verifications, driver's license, salary letters and much more. This avoids inconveniencing the customer by asking them repeatedly for the same information and supports your “know the customer” goals.

Verification

The integrated BPM capabilities of IBM ECM can help banks streamline and simplify application processing and make informed decisions faster by leveraging all customer information data sources. By instituting a single, secure verification process, integrated with external systems and third parties, banks can ensure the application of consistent standards, processes and procedures, and avoid the creation of security concerns around the protection of client data. As a result, banks can:

- Mitigate theft and fraud
- Make optimal initial offers
- Expedite approval of credit applications from low-risk customers
- Improve compliance with organizational risk requirements

Fulfillment and activation

As a critical closing phase of the account opening process, banks must produce timely, accurate and personalized customer communications such as welcome packages and loan documents, dispense funds or checks, and conduct other required activities with speed, accuracy and real convenience for the customer.

IBM ECM software delivers significant value by providing key content-based information and enabling processes associated with account fulfillment. The same ECM and BPM infrastructure and services can then be leveraged to support subsequent marketing and sales campaigns that drive personalized offers to customers.

IBM Business Partners integrate ECM and BPM into account opening

IBM ECM solutions for account opening are complemented by value-added software and services provided by our industry focused partners worldwide. Working collaboratively with our clients, IBM and IBM Business Partners can help meet the needs of today's banks with capabilities such as:

- Automated document and data capture
- Electronic signature
- Business process rules engines
- Customer communications platforms
- SOA fabrics and solution accelerators



For More Information

As the world's premier provider of solutions to the financial services industry, IBM is unique in its combination of industry consulting experience, deep service orientation skills, unparalleled Business Partner network, and software and technology product excellence. As a leader in Enterprise Content Management, IBM ECM is delivering proven value to 23 of the top 25 banks, 30 of the top 50 U.S. lenders and 80% of the Fortune 100.

IBM is the ideal partner for banks seeking to meet the challenges of delivering consistent, seamless customer service — across channels, in alignment with customer needs and in ways that differentiate the bank from competitors; standardizing, automating and integrating processes to streamline operations and help minimize costs; and helping reduce risk and exposure to fraud, identity theft and regulatory fines. With IBM ECM, you can count on delivering an enhanced, consistent customer experience while making better decisions, faster.

To learn more about IBM ECM for account opening for banking and other banking industry-specific offerings, contact your IBM representative or IBM Business Partner, or visit

<http://www-306.ibm.com/software/info/contentmanagement/industry/Banking/Complianceandriskmanagement/index.html>.

About IBM ECM

As the clear market leader in Enterprise Content Management (ECM), IBM's ECM solutions help organizations make better decisions, faster by managing content, optimizing business processes and enabling compliance through an integrated information infrastructure. IBM's ECM portfolio delivers a broad set of capabilities and solutions that integrate with existing information systems to help organizations drive greater value from their content to solve today's top business challenges. The world's leading organizations rely on IBM enterprise content management to manage their mission-critical business content and processes.

© Copyright IBM Corporation 2007

IBM Corporation
3565 Harbor Boulevard
Costa Mesa, CA 92626-1420
USA

Printed in the USA

09-07

All Rights Reserved.

IBM and the IBM logo are trademarks of IBM Corporation in the United States, other countries or both. All other company or product names are registered trademarks or trademarks of their respective companies.

For more information, visit ibm.com/software/data/ecm.

1] "Unlocking the value of account opening with component business modeling." IBM Institute for Business Value executive brief. July 2004. Page 5.