



# Delivering retail banking solutions everywhere with IBM WebSphere Portal software.



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**The face of your bank**

As competition within the retail banking industry intensifies, banks are making fundamental changes to the way they do business—not just to win more customers or expand their global reach, but to simply survive. Several key trends represent the force behind these changes and are driving banks toward a more innovative business model that can improve employee productivity, increase customer satisfaction and generate additional sales opportunities through new channels.

Ongoing consolidation from mergers and acquisitions is creating impressive economies of scale. Tighter credit scrutiny is forcing banks to manage credit decisions more effectively. Government regulations are fueling the call for greater accountability. Increased customer expectations are requiring an enhanced customer experience that is consistent 24 hours a day/seven days a week regardless of the customer interaction method—branch, ATM or mobile device. As a result, the portal becomes the bank's face to the customer, the key touch point that can make or break customer relations and, with it, long-term brand loyalty.

This executive brief shares how IBM WebSphere® Portal software, the world-wide enterprise portal software marketplace leader for the seventh consecutive year,<sup>1</sup> addresses these challenges by enabling the implementation of role-based access to the specific applications and information that a banking customer, employee or partner may need. The WebSphere Portal family of products includes the enterprise security and availability features that banks require and provides the flexibility and choice inherent in open-standards-based software. By supporting personalized user experiences, banks can improve productivity—helping to increase business responsiveness and operational efficiency while meeting employee, customer and shareholder expectations.

### **The five leading market trends**

The following trends indicate the direction many financial institutions are taking to ensure stability and continued growth tomorrow by responding more quickly and effectively to the challenges they face today.

#### **Consolidation at the top**

Through mergers and acquisitions, consolidation at the top end of the banking industry is shifting the balance of power toward the industry's biggest companies. In the case of the largest banks, this trend is global in scope, having already affected the marketplace in Japan and the United States and now picking up speed in Europe.

#### **Credit and risk management**

Recently, tight credit markets and a lack of lender liquidity have exposed shortcomings in the current risk management and governance systems that banks use to evaluate their exposure. Lack of process transparency has allowed critical information to go unexamined, which has severely threatened bank profitability and, in some cases, the very existence of these banks. These issues are creating a renewed focus on the ability of banks to manage credit decisions, and many are reevaluating their risk management processes.

#### **Regulatory compliance**

Having quickly responded to the proliferation of international security and anti-crime initiatives, including money-laundering and risk-related regulations, banks are now looking to rationalize and improve their systems to support risk management and regulatory solutions. They want to restructure their information systems, integrate their databases, and establish more detailed and timely reporting capabilities.

#### **Focus on the customer**

Retail banks continue to focus their investments on the front office. With few differences in basic product offerings, banks are using the customer experience as a primary focus of innovation and are driving IT investments to support that experience. This is creating a richer, more satisfying user experience — not just for customers, but also for bank employees and partners.

*“BRED’s new infrastructure is simpler and more efficient, cheaper to operate, easier to use, and frees us from technical and geographical constraints.”*

—Gerard Sarrazin, manager of architecture and security, information systems department, BRED Banque Populaire

#### **New channels for customer service**

Large banks are now providing mobile banking applications to their customers. Mobile phone-based payments and other services are increasing rapidly as well, and may soon become the preferred customer service channel for some customers.

As retail banks continue to battle for market share, many are taking advantage of these trends to redefine their business models. This is enabling them to become more responsive to sudden changes in the marketplace and to manage their credit and regulatory compliance requirements more efficiently. It’s also enabling banks to put innovative capabilities into play and empower their customers and employees—all while maintaining a firm control on costs.

#### **Finding new ways to win customers**

To maintain a competitive edge and meet the growing demands of customers, the banking industry, like so many others, has gradually expanded from the traditional bricks-and-mortar facility to one with multiple business channels: ATMs, call centers, connectivity with pervasive devices like cell phones and personal digital assistants (PDAs), and the Internet. The Internet in particular enables banks to provide value-added services such as bill pay to existing customers. It also paves the way to securing and servicing relationships. By leveraging Web content effectively, banks can expand their scope of reachable customers and, ideally, improve productivity by enabling more customers to be serviced by fewer personnel.

But the advent of these channels has not lessened the role and importance of the local bank branch in improving customer service, driving revenue and increasing business responsiveness. In fact, banks are seeking ways to transform their local branches and meet these goals by improving the productivity and effectiveness of tellers, platform officers, branch managers and other bank personnel. A common goal is to establish a portfolio of relationships with customers that

not only helps reduce churn rates, but also directly impacts profitability and keeps the competition at bay. The branch creates the personal environment necessary to deliver customized service while also providing employees with opportunities to up-sell other banking products and services, such as individual retirement accounts (IRAs) and insurance plans.

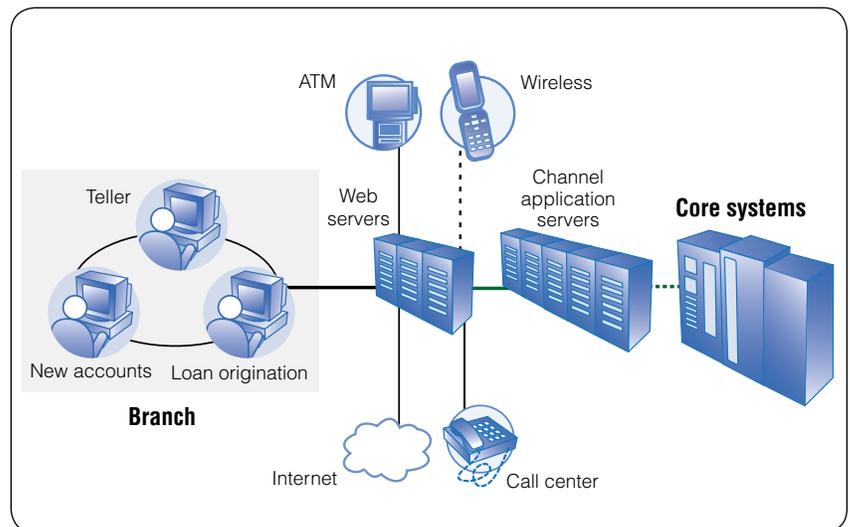
The goal is for each major role in the branch—teller, platform officer and branch manager—to have a unified view of the customer, which is the key element in an integrated selling environment. That unified view is made possible by significantly enhancing collaboration between key parties and is driven by independent software vendor (ISV)–enabled automation. Each branch role contributes to the team effort to attain sales and customer satisfaction goals. So what are some examples of how these goals can be achieved? What are the mechanisms that can realistically be put in place to drive branches to greater success?

A teller can be the sales opportunity identifier as each customer's transactions are being performed. Through automatic alerts triggered by an individual customer's transactions, a teller can quickly refer a customer to a sales agent via a preformatted instant message—without losing speed of service. A sales agent, such as a platform officer, can then take the lead from the teller and spend the time necessary with the customer to up-sell him or her to a better or complementary banking product—thus generating higher customer satisfaction and further driving bank revenue and profitability.

Rather than be overwhelmed by data, branch managers are alerted to critical events and can find instant branch performance metrics from role-based dashboards. Problems are quickly identified using dashboards with drill-down capabilities based on predefined performance thresholds. Once problems are identified, collaboration tools such as instant messaging and team rooms can be used to identify subject matter experts or others with experience in the problem area and gain their input into developing a solution. For example, a

branch manager can monitor branch performance against its targets, identify low performers and put plans in place to address the problem areas. Together, these integrated and customer-focused activities help transform the bank into a high-performance channel with improved employee retention and better trained, motivated and productive employees.

Many banking organizations are already striving to achieve these results by implementing business processes and reducing the complexity of their silo-based infrastructures. Silo-based IT systems—the consequence of adding applications and hardware in an ad hoc fashion as the business grows and changes—can result in a lack of interoperability between critical applications, which disrupts the flow of business processes and hinders productivity. As “rip and replace” is not a viable solution, banks are instead focusing on taking advantage of their current IT assets; enabling dynamic and consistent access to core systems; and making their business processes more efficient, more accessible and easier to follow.



*Figure 1: An open-standards-based Web/centralized model can provide the ideal base to address a number of banking challenges.*

### **Portals address the challenges of banking**

To meet their productivity needs, many organizations are turning to the flexibility and capabilities of portals. A portal is a single, personalized interface that integrates people, processes, applications and information. With personalized portals, banks can help their employees gain easy access to information and other employees crucial to performing their particular jobs, thereby helping to improve overall productivity, increase customer satisfaction, enhance business responsiveness and maintain a competitive edge.

As part of this solution, IBM has developed IBM WebSphere Portal software to provide a framework that banks can use to build and deploy personalized portals depending on a user's role, preferences, profile and the bank's security needs. With IBM WebSphere Portal software, organizations can integrate business applications, workflow, content and presence awareness in a single role-based environment, enabling employees to gain easy access to information and resources, collaborate with other portal users inside and outside the bank, and respond more quickly to customer needs.

### **Drive productivity and revenue with a personalized user environment**

Portals improve employee productivity by providing simplified access to the critical applications and information employees need to effectively perform their daily tasks. Portals also facilitate collaboration between workers and subject matter experts. This capability is especially important when organizations hire new employees. New hires must master a number of application and information systems as quickly as possible to contribute to the overall productivity of the organization. A portal solution helps shorten the learning curve by providing a single point of access to all necessary systems, thereby enabling new hires to become productive more quickly.

Many banks are expanding their portfolio of products and services to include financial planning, brokerage services and insurance products. With more products and services to sell, employees need the ability to leverage up-selling and cross-selling opportunities more easily while also providing excellent customer service. To sell new services effectively, the customer accounts officer needs to interact with the bank's key applications when servicing a customer. With the

simplified and immediate access provided through a personalized portal, the accounts officer can not only service the customer quickly, but also initiate new relationships and complete the customer service process with greater value.

#### **Enhance customer satisfaction and retention through self-service**

Portals can enhance the online banking experience by enabling customers to conduct their own banking transactions and by streamlining their ability to interact directly with bank employees. Customers can conduct a variety of routine transactions, apply for new accounts, transfer money, learn about other bank products and research new services 24x7.

These self-service capabilities can play a large role in ensuring that customer satisfaction is optimized. Satisfied customers are more likely to buy additional products, and customers with three or more relationships with their bank are more likely to remain loyal to that bank and not transfer their accounts to a competitor. Reduced customer turnover can translate directly into improved profitability.

*“Using the solution from Virgil and IBM, we believe that we offer the fastest, most convenient access to financial data now available in the Netherlands.”*

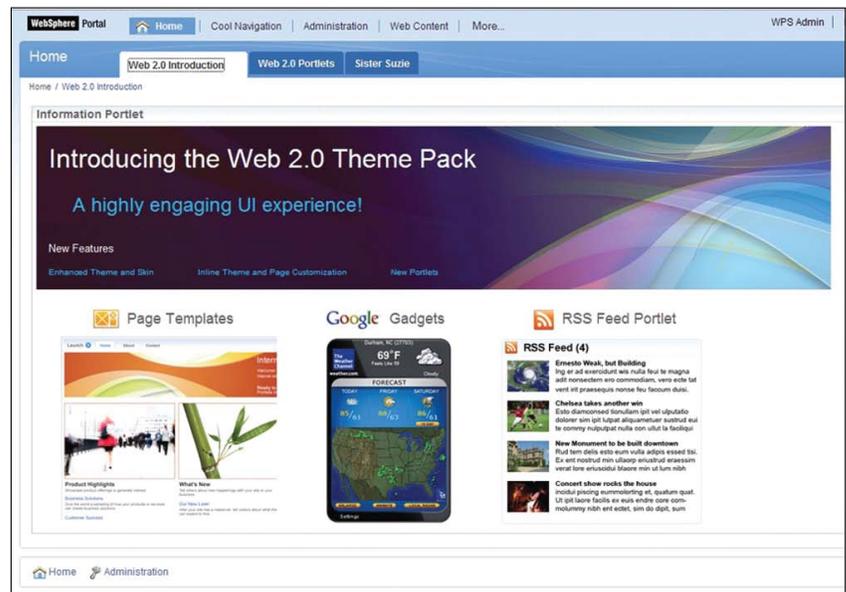
—Theo van Koningsveld, manager, electronic distribution wholesale, Rabobank

Customer satisfaction is a key performance indicator (KPI) of revenue; therefore, increasing the understanding of customer satisfaction levels can play a large role in accurately forecasting revenue. The banking industry often correlates revenue and cross-selling opportunities to a customer satisfaction index. As customer satisfaction measurements improve, bank marketing managers can more easily project increased revenue generated through, for example, new account openings, and banks can more easily sell new relationships to existing customers at a lower expense than required to obtain new customers.

#### **Drive channel sales with portlets**

Portals enable banks to support their business partners' initiatives more effectively by embedding business partner portlets into the bank's own portal infrastructure. For instance, insurance companies can sell their policies through a bank when facilitated by a portlet found on an account officer's portal page. Without having to open new applications and reenter data, the account officer can capture customer data within the portal and transmit it directly to an insurance agent, who can then underwrite a policy.

Portlets can also be extended into retail channels. Through a retail store portal, for example, retailers can easily open new accounts to finance customer purchases. In both cases, the ease of capturing information, combined with easier access to the necessary applications, helps banks create new cross-selling opportunities, improve channel sales and increase revenue opportunities.



*Figure 2: WebSphere Portal software offers expanded support for Web 2.0–style interactions and easily powers the integration of widgets and feeds.*

### **Creating the ideal infrastructure for portals**

To employ a portal solution effectively, banks must have the proper infrastructure. WebSphere Portal software is an industry-leading portal product built on a service-oriented architecture (SOA)–based portal platform. With its rich support for Web 2.0 technologies, WebSphere Portal software can help reduce development time; improve performance; and assist in the development of highly interactive, desktop-like composite applications.

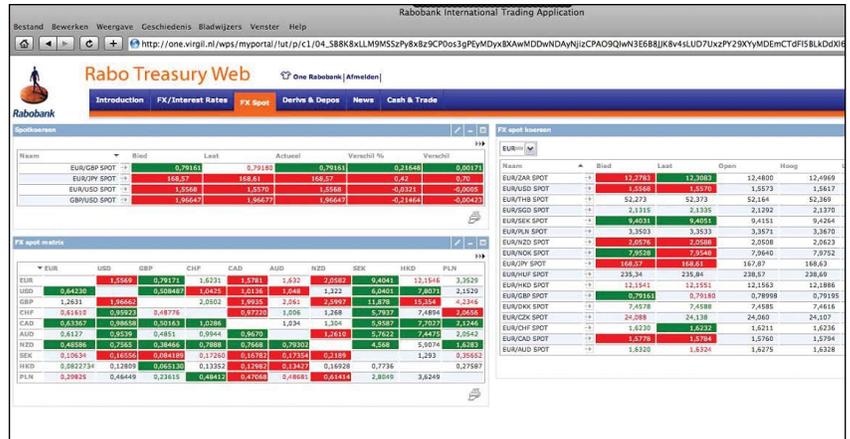


Figure 3: Rabobank became the first bank in its market to consolidate various financial data sources into a centralized, customizable portal, enabling staff to provide faster, more accurate advice and allowing customers to track relevant data in realtime via the Web.

A banking portal can be personalized depending on the user's role. For instance, a loan officer's portal page can provide a consolidated view of all a customer's accounts, key ratios (such as debt/income), credit scores, recent or significant transactions, and a summary scorecard—all in a single glance. With all the information in one place, a platform officer can make more-informed decisions, determine the best loan for the customer and respond to customer inquiries more quickly.

To further improve productivity and streamline business processes, multiple portal applications, or portlets, can be choreographed to facilitate the execution of an end-to-end process. In the case of loan origination, for example, different portlets and personalized portal pages can be created for the individual users involved: customer, account officer, underwriter and credit bureau. Each audience can then use the portal for a variety of purposes, and the portal can capture and deliver the information relevant for each user throughout the loan process while providing a unified view.

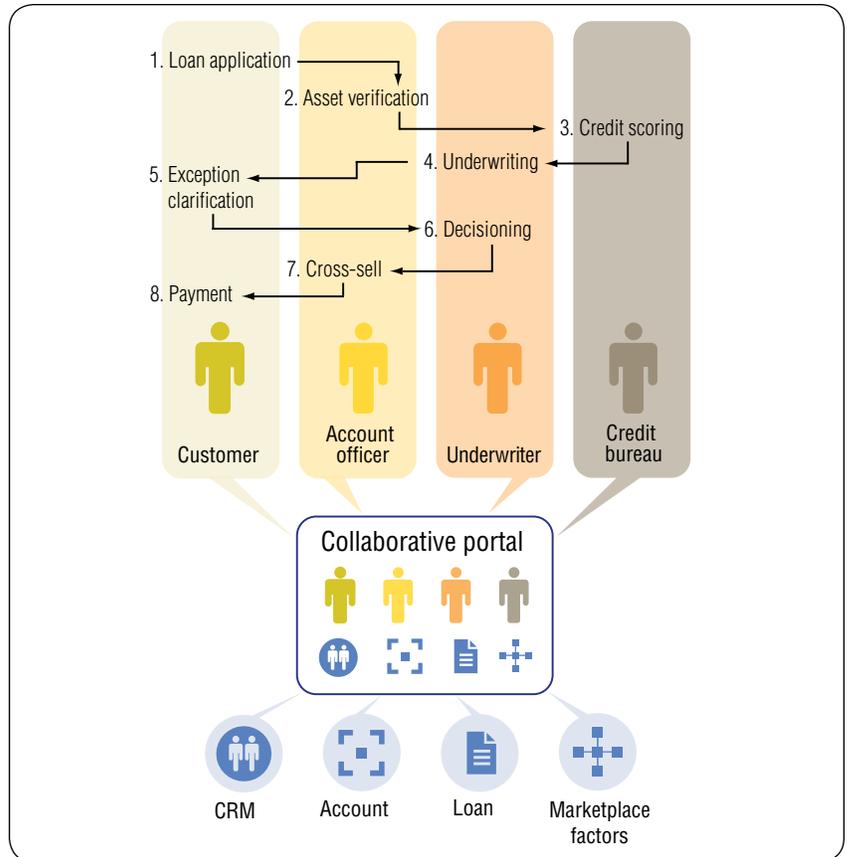


Figure 4: Common bank processes are often a sequence of coordinated activities wherein different users interact to execute specific tasks. In this example of loan origination, each user has a portal that surfaces a collection of people, applications and processes to make it easier to execute the loan origination process.

### Building collaborative portals for banking

IBM provides a range of solutions and software applications that help banks quickly develop and deploy extranet and intranet portals to give customers, employees and partners access to the data, content and processes they need.

#### IBM® Dashboard Accelerator

This snap-in accelerator for IBM WebSphere Portal software provides the out-of-the-box capability to link strategic objectives to realtime performance information using dynamic dashboards and scorecards. With access to a KPI catalog, prebuilt industry and role-based dashboard portlets can be downloaded and assembled into meaningful dashboard applications.



### IBM® Business Process Accelerator

This accelerator for IBM WebSphere Portal software helps speed the implementation of business processes by delivering electronic forms as part of composite business applications, such as credit approval processes. Automating these processes not only helps mitigate risk, it also helps improve implementation and end user response times.

### IBM DB2 Content Manager software

Banks are buried in documents, financial data, e-mail and other information that must be secured for regulatory reasons. IBM DB2® Content Manager software offers an open, comprehensive and consistent framework to manage, share, reuse and archive digitized content. Bank employees and customers can have easy access to the information they need to help optimize service and productivity while minimizing related information management challenges.

### IBM® Content Accelerator

This accelerator for IBM WebSphere Portal software brings simplified yet powerful online Web content creation and management to business users—virtually removing authoring bottlenecks. It can improve productivity and allow organizations to keep Web content accurate, up to date and easy to find.

### A trusted partner in banking solutions

In light of current banking trends, banks need to improve their productivity as a way to enhance customer and employee satisfaction, increase business responsiveness, and optimally leverage their human and IT assets to improve profitability. With IBM WebSphere Portal software, banks can integrate their electronic user environment into a single, cohesive interface and provide employees with easier access to the information and resources they need to be more productive. Banks can feel confident that IBM can help them achieve their business initiatives with integrated and proven portal solutions.

### For more information

To find out more about IBM WebSphere Portal software, please visit:

[ibm.com/websphere/portal](http://ibm.com/websphere/portal)

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<sup>1</sup> IBM, news release, "Report: IBM Worldwide Market Share Leader in Web Portal Software," June 20, 2008.