

February 2012



# Customer Advisor Accelerator for Smarter Banking

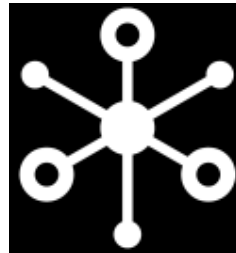
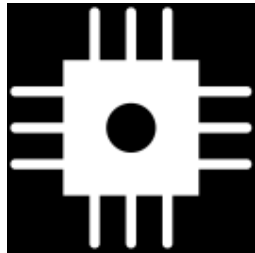


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IBM Software Group  
Financial Services Sector Solutions

# Agenda

- **The Changing Face of the Customer and Banking Industry Challenges**
- **IBM Point of View**
- **How can Customer Advisor Accelerator Help?**
- **Key solution differentiators**

## 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

## Back to basics:

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

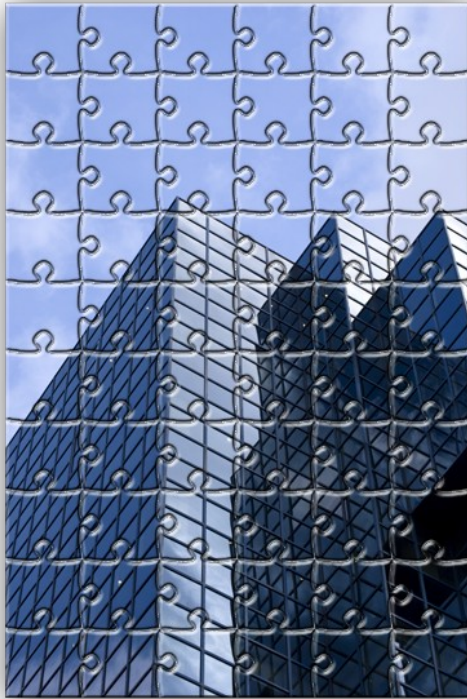
## Combined with extreme personalization:

- 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“**

# From Software Technology to Industry Specific Solutions

*IBM Software Technology*



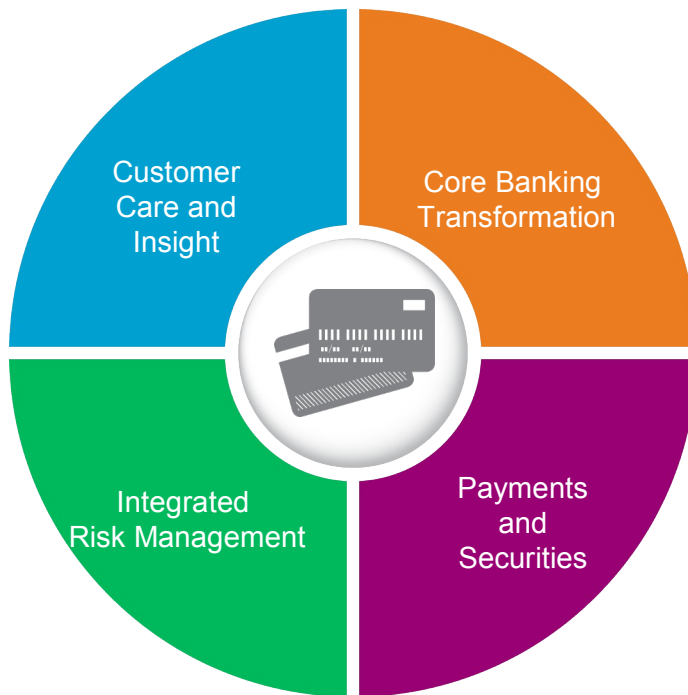
Repeated patterns  
are integrated into  
new program  
products

*IBM Solution Products*



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

## IBM Banking Industry Framework



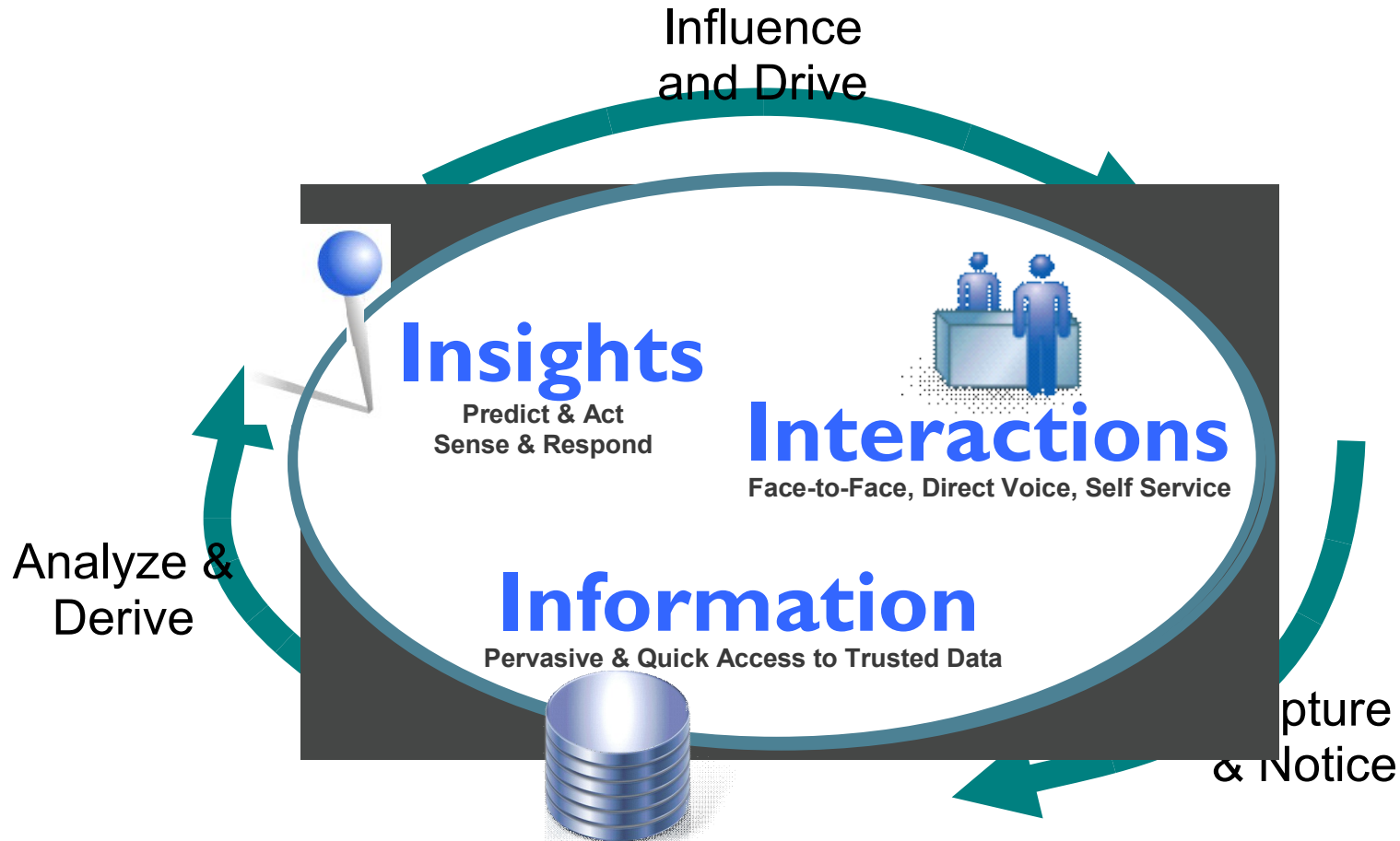
The **core banking transformation** domain allows you to modernize and renovate the legacy applications that support core banking functions while aligning with the changing needs of the business

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



# New Account Opening problems result in decreased revenues due to customer loss and increased costs

**Lack of Integration between channels results in ...**



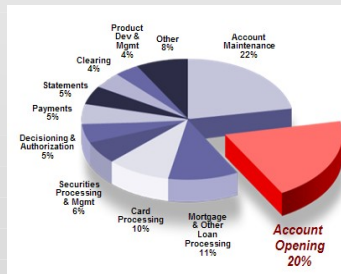
Inconsistent customer experience  
 \$4.5M in lost revenue due to customer abandonment  
 Difficulty in transferring cases and applications  
 Increased work for introduction of new products

**Lack of Automation results in ...**



\$11.4M in lost cross sell and upsell  
 \$2.4M in increased costs  
 90% of applications require manual intervention  
 increasing both cost and time to fund the account

**New Account Opening Impact on Global Banks...**



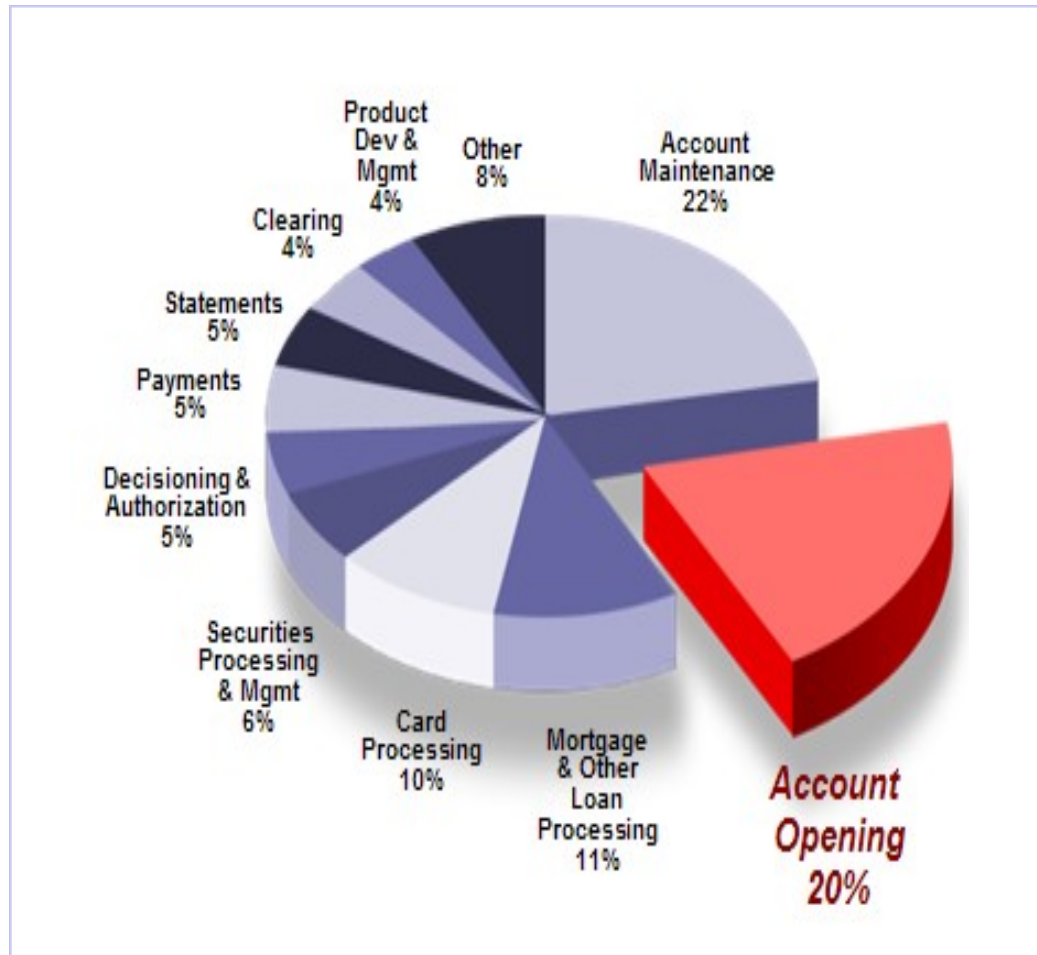
1.5M Accounts lost / year due to client dissatisfaction  
 \$570M lost revenue  
 22% of total processing costs due to maintaining lines and channels



# Account Opening: Customer Care and Insight → Interactions

## Cost Breakdown of a Bank's Activity

Total Operational Cost



# Customer Advisor Accelerator (CAA) is a solution for Banking Products Recommendation, Configuration, and Selling

File View Control Help

**Online Banking**

Welcome  
Hans Klassman

>>Sign Out

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**I need to ...**

[View My Account](#)

[Open An Account](#)

[Manage My Wealth](#)

[Manage My Profile](#)

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**Alert Box**

10/11 Account Opened

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**Guidance & Advice**

**Recommended Products** Checking Saving Mutual Fund Certificate of Deposit [All Products](#)

## Open Financial Money Market

The fund's investment objective is the highest income consistent with preservation of capital and the maintenance of liquidity. The fund invests principally in high-quality, U.S. dollar-denominated, short-term debt instruments that present minimal credit risk and comply with strict Securities and Exchange Commission (SEC) guidelines applicable to money market funds.

( Currency: U.S. Dollar )

<ul style="list-style-type: none"> <li>➔ Minimum Limit \$3000</li> <li>➔ Increase Minimum Amount \$50</li> <li>➔ Maximum Term None</li> <li>➔ Market Risk Rating Conservative</li> <li>➔ Reinvestment Gains NO</li> <li>➔ Day Change 0.00</li> <li>➔ Year To Date Return 0.01%</li> <li>➔ Five Year Return 2.91%</li> </ul>	<ul style="list-style-type: none"> <li>➔ Maximum Limit None</li> <li>➔ Minimum Term None</li> <li>➔ Fee rate 0.63%</li> <li>➔ Reinvest Dividends NO</li> <li>➔ Price Per Share 1.00</li> <li>➔ Rating ★★★★★</li> <li>➔ One Year Return 0.16%</li> <li>➔ Ten Year Return 2.58%</li> </ul>
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[Add to Portfolio](#) [My Portfolio](#)

### Open Financial Money Market

The fund's investment objective is the highest income consistent with preservation of capital and the maintenance of liquidity. The fund invests

### Open Financial Aggressive Growth Fund

The Open Financial Aggressive Growth Fund (the Fund) is an equity fund with an investment objective of capital appreciation.

### Open Financial Index Fund

The fund investment objective is to seek to match, before fees and expenses, the performance of the U.S. stocks not included in the S and P 500 Index as

# Intelligence in Customer Facing Tool

Customer advisor accelerator delivers value from a key set of capabilities

- Cross-sell/up-sell products tailored to your customers
- Release greater variety of products, faster

**Business rules**



- Standardize efficient processes across channels
- Extend process across disparate systems

**Process design and management**



- Rule based dynamic Form generation.
- Reduce time for business people to build a Form

**Dynamic Forms**



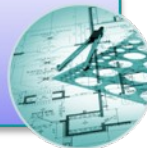
- Expand customer experience by unifying delivery of services

**Collaboration**



- Connect to existing core banking systems with scalable
- Integration platform, unified customer data (MDM)

**Foundation for expansion**



- Business Dashboard & KPI
- Product selling analysis
- Process monitoring

**Monitor & Business Report**



# Key Feature : Business rule based questionnaire

## Customer benefit

- Personalized questionnaire
- Auto generated according to client info and products.
- Ensure the data correctness and consistence for a customer
- Customer will guided to right products

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 tl ▾

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 dividen ▾

**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 extreme ▾

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

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



# Key Feature : Rule based Products Recommendation

**Rules Configuration**

IAO-CrossSelling-Rule

```

Please save your rule
Open Financial Roth IRA Brokerage Account To Individual Customer
where the type of this income [a] is AnnualIncome [a] X
if
all of the following conditions are true :
- the citizenship is United States X
- the age [a] is between 18 [a] and 50 [a] X
- the amount of the annual Income [a] is at least 42000 [a] X
- the employment status is Employed X
- the risk tolerance is one of { Medium, High [-1] } X
- the owned products do not contain the product : Open Financial Roth IRA Brokerage Account X [-] X
then
add Open Financial Roth IRA Brokerage Account to the recommended products and set the rank of it to 3 [a] X
[else]
    
```

Save Rule | Minimize | X

Deploy

Save and deploy to rule execution server



**Customer benefit:**

- .LOB can quickly change the rule
- quick time to market
- select the right product according to KYC info.

**Recommended Products**

Mutual Fund | Roth IRA | All Products

**Open Financial Index Fund**

The fund investment objective is to seek to match, before fees and expenses, the performance of the U.S. stocks not included in the S and P 500 Index as represented by the Dow Jones U.S. Completion Total Stock Market Index.

Minimum Limit	2500	Maximum Limit	None
Increase Minimum Amount	25	Minimum Term	None
Maximum Term	None	FeeRate	0.96%

Add to Portfolio | My Portfolio

**Open Financial Tax-exempt Bond Fund**

The North Carolina Bond Fund is a tax-exempt bond fund with an objective of providing North Carolina investors with a high level of current interest income that is exempt from federal and North Carolina state income taxes.

IBM. WebSphere. software

With the new rule, a new product from the IRA catalog is now in the recommendation list

# Key Feature: Dynamic Form Generation

## Customer benefit:

- quick time to market
- .LOB can quickly change the offering
- personalized form to save client time and effort, ensure the data correctness

The screenshot shows a banking application interface for opening an account. The main form is titled "Your Application Form" and has two steps: "1. Information" and "2. Terms". The "Funding Information" section is active, showing options for "Open Financial Index Fund" and "Open Financial Tax-exempt Bond Fund". A dropdown menu is open for "Funding your new account" in the "Open Financial Tax-exempt Bond Fund" section, with "Transfer from other account" selected. A rule editor window is overlaid on the bottom, showing a rule that hides a question based on the source type of funding.

**Forms are generated based on business rules below**

```

Rule
if
  all of the following conditions are true :
    - ( the response of question ContractFundOfSourceType on page FundingInformation is "Transfer from other
then
  set question ContractFundingFromAccountNumberOfOtherBank on page FundingInformation to invisible ;
  
```

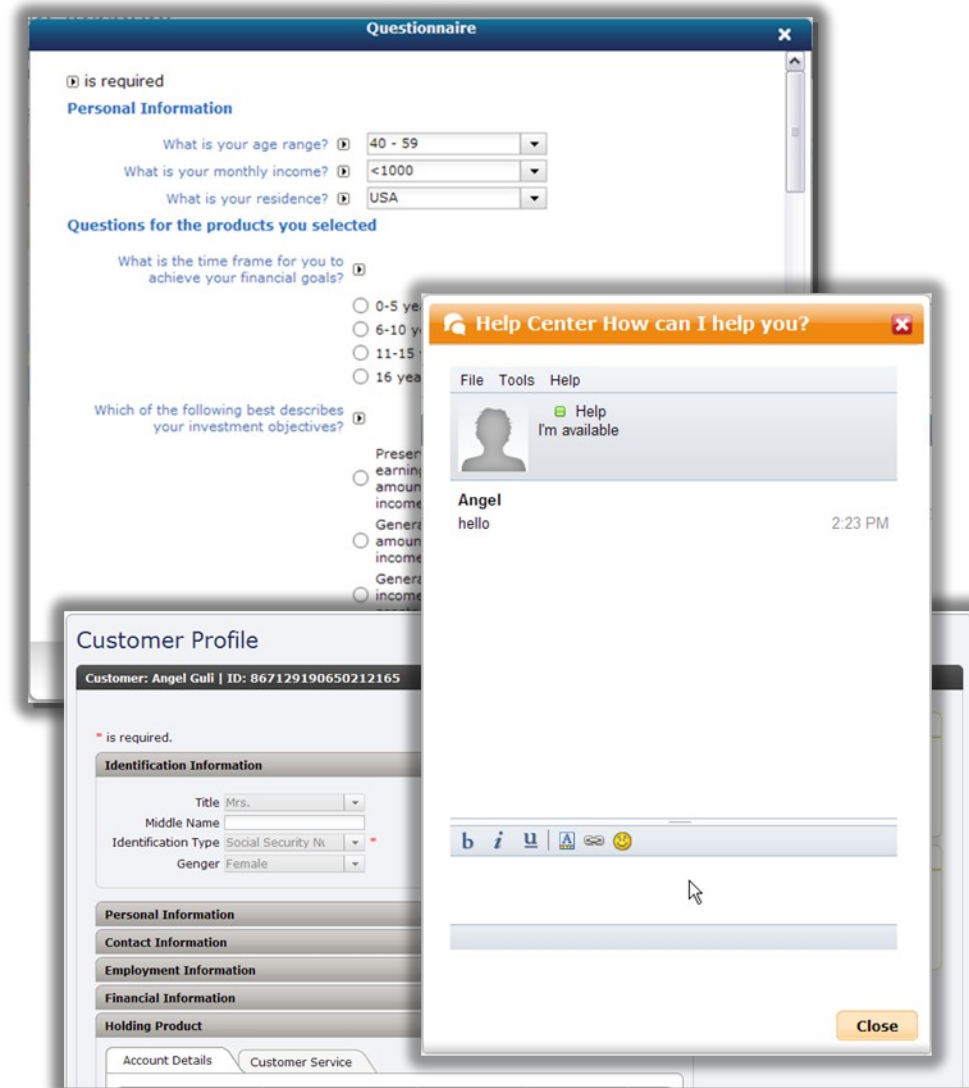
	Source Type	Question
1	Deposit check at branch	ContractFundingFromAccountNumber
2	Deposit check at branch	ContractFundingFromAccountNumberOfOtherBank
3	Deposit check at branch	ContractFundingRoutingNumber
4	Deposit check at branch	ContractFundingAmount
5	Transfer from other account	ContractFundingFromAccountNumberOfOtherBank
6	Transfer from other account	ContractFundingRoutingNumber
7	Transfer from other account	ContractFundingBranch



# Key Feature : Interact with customers to provide an exceptional customer experience

## Customer benefit

- Create a customer centric experience to improve customer satisfaction
- Quickly see the complete customer profile and understand their unique needs
- Leverage dynamic questionnaires to refine customer needs and develop the most accurate recommendations
- Collaborate across the organization to determine the best resource to help your customers



# Key Feature : Monitoring

## Customer benefit:

- Create detailed reports to gain insight into organizational performance
- For product offering, change the policy accordingly



**Online Banking**

Welcome Alvin

>>Bank Manager  
>>Sign Out

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**I need to ...**

[View KPI Dashboard](#)

[Manage My Activities](#)

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**Alert Box**

10/10 Account Opened

10/11 New Customer Created

10/11 Account Opened

10/11 Account Opened

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**Guidance & Advice**

Cross Sell Report | Application Durations | Application Throughput | Application Value | Monthly KPI | Aggregate KPI

### Application Durations

Time From  To  (Format: yyyy-mm-dd) [Filter](#)

**Average Application Durations**

	Application Duration(minutes)
Average Product Selection Duration	2.45
Average Cross Sell Duration	2.53
Average Form Filling Duration	2.49
Average Processing Duration	2.50
Average Review Duration	2.63
<b>Average Total Duration</b>	<b>12.618</b>

By Channel | **By Type** | By State | By Customer Segment

Application Throughput By Channel

**Application Durations by Channel**

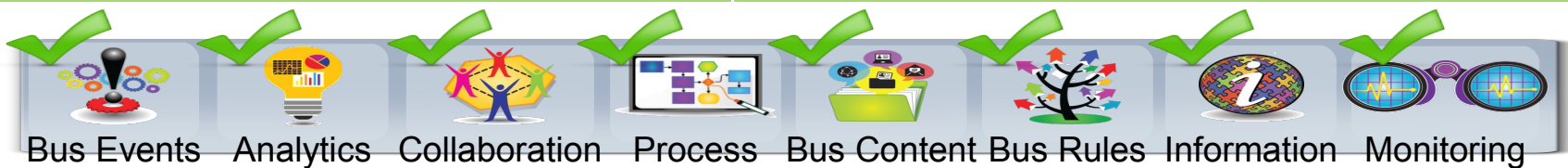
Select Channel

Channel	Type	State	Customer Segement	Value	Application_Time	Details
Online	Credit Investment	Product Selection	Moderate	18,669	Nov 10, 2010 5:19:54 PM	<a href="#">Detail</a>
Online	Checking	Processing	Moderate	97,551	Nov 10, 2010 5:09:40 PM	<a href="#">Detail</a>
Online	Savings	Product Selection	Low	1,410	Nov 10, 2010 5:19:51 PM	<a href="#">Detail</a>
Call Center	Checking	Processing	Moderate	9,817	Nov 10, 2010 5:06:08 PM	<a href="#">Detail</a>
Call Center	Credit Investment	Processing	Low	14,453	Nov 10, 2010 5:13:33 PM	<a href="#">Detail</a>
Branch	Savings	Form Filling	Moderate	75,203	Nov 10, 2010 5:10:07 PM	<a href="#">Detail</a>
Online	Checking	Account	Moderate	73,850	Nov 12, 2010 7:08:01 PM	<a href="#">Detail</a>

# Value Proposition of Customer Advisor



Customer benefit	Technology Enabler
Customer get memorable experience in all the interactions	Extensive Cross Sell rules, precise product recommendation, build-in rule set template, personalized pricing and bundling
Dramatically reduce account opening time, improve customer experience	Automated New Account process, single process for cross channel account opening includes UI, rules, data models, and exception handling.
Enable business people to quickly change front-end Form without IT help.	Dynamic Questionnaire, Dynamic form, build-in rule templates.
Customer come back to bank due to relationship and trust. Personalized product offers and pricing	Single view of client info, advancing client needs thru the use of predictive analytics and consistent information
Bank gains the insides and continues to improve the process/products	Cognos reporting enable bank to gain inside s on account opening process, and product promotion activities.



धन्यवाद  
Hindi

多謝  
Traditional Chinese

ขอบคุณ  
Thai

Спасибо  
Russian

Gracias  
Spanish

Teşekkürler

شكراً  
Arabic

Merci  
French

Obrigado  
Brazilian Portuguese

Grazie  
Italian

多谢  
Simplified Chinese

Danke  
German

நன்றி  
Tamil

ありがとうございました  
Japanese

감사합니다  
Korean