IBM

Lloyds TSB automates its credit card management system to grow a revenue stream.

Overview

Business challenge

Lloyds TSB had a somewhat cumbersome credit card application process that necessitated customers filling out forms and then back office workers manually inputting data before a card could be issued. The Bank wanted to improve customer service as well as grow its credit card revenue stream by implementing an automated approval and administrative system. The Bank needed help developing and implementing a system that would streamline the credit card application processing, comply with new FSA regulations, facilitate cross-selling to customers and increase efficiency in processing staff sales incentives.

Solution

IBM Global Business Services oversaw project management, conducted the necessary business analysis and provided technical and testing expertise to implement an automated credit card approval and administration system. The new system allows staff in more than 2,000 stores to complete and approve standalone credit card applications as well as immediately recommend and add credit products on the account. The system is linked to the staff incentive program and automates the reward system.

Benefits
- Significant return over 5 years from cost-savings and increased revenue
- Streamlines processes, supports real-time approvals and improved customer service
- Automates claim of staff incentives following a successful sale.

Industry
- Banking

Lloyds TSB

Automating its credit card application process positions Lloyds TSB to substantially grow a lucrative revenue stream. The Credit Card system implemented by IBM Global Business Services will not only make it easier for customers to apply for credit cards, the automated process will streamline back office processing, increase data accuracy and reduce required administration resources. The system also automates tracking employee sales bonuses, reducing the potential for errors and providing further sales incentive to staff.

Challenge

Previously Lloyds TSB customers had to complete a paper form in-branch to apply for a credit card. The information was then typed in in the back office, and a few weeks later, the customer would receive their credit card. This was time consuming and involved duplication of effort. If the client later required additional services from the bank, the process had to be repeated; there was no 'single view' of the customer and no easy way to cross-sell. Staff incentives also relied on a paper-based system.

Committed to providing the best possible service to its customers by offering an extensive range of products and services to meet their everyday needs, LTSB saw improving the customer experience as a critical component of its retail banking transformation. Its objectives were to:

- Streamline credit card application processing

- Ensure compliance to new FSA regulations relating to the responsible selling of credit cards

- Facilitate cross-selling during credit card processing

- Improve processing of staff incentives to sell.

Solution

The Credit Card project at Lloyds TSB delivered a new system for some 7,000 staff in over 2,500 stores enabling them to perform a standalone application for a credit card on behalf of a customer and the ability to recommend to them the most appropriate credit card, and add-on products—for example, insurance coverage—for their needs. The project also automated the fulfillment of the credit card, removing the need to send application forms to the back office. The two final elements of the project delivered launched new Credit Card products on the system and automated the link to the staff incentive system.

The new tool will be based on the Chordiant platform, known as Your Finances. Specifically it is expected that automating the cards sales and applications process will result in:

- Increased sales of cards products
- Reduced time spent in the application process as data will be pre-populated from the bank's existing systems
- Removal of manually completed paperwork as application will be recorded on the new system
- Improved compliance as the application process will be forced to be compliant by the system.

The project delivered the following to Lloyds TSB:

- A new system to drive the application process and capture the data associated with the application
- Interfaces so that the new system can be pre-populated with the existing information held by the bank, credit scoring can be performed and automated fulfillment of the application may occur
- Training to staff in how to use the system
- Management information on the sales and applications process in order to support business performance management, staff performance management and the compliance process.

Benefits

It is estimated the Credit Card system will produce a combined benefit to LTSB of some £40m over 5 years, principally through:

- Streamlined processes, which lead to reduced time to sell a product; integration to credit decisioning, offering real time referrals thus improving general customer experience
- Reduction in errors due to replacement of paper based applications with pre-filled applications utilizing online validation
- Automated claim of staff incentives following a successful sale
- Increased sales due to the launch of new products and integration to promote Card Insurance products during the sales process

"Our new automated credit card approval and administration system represents a tremendous value-added service for our customers—one that will translate into increased revenue and substantial cost savings for our company."

—Gill Wylie, CIO Stores, Lloyds TSB

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