

CELENT

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Celent Model Bank 2011: Case Studies of Effective Technology Usage in Banking

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Executive Summary

The vision for Celent's Model Bank research was to try to answer an apparently simple question: "What would it look like for a bank to do everything right with today's technology?" The approach that Celent has taken to answer this question is to seek examples of best practices in technology usage. These examples span the spectrum from the infrastructure and architecture level to more specific levels: product development, marketing/sales, distribution / channel management, transaction processing, loan processing, customer service / support, and security and risk management.

In **infrastructure and architecture**, key technology elements include: service-oriented architecture (SOA), core renewal, business process management, virtualization, and cloud computing. Model Bank Component cases include American Savings Bank and TS Bank.

In **product development**, key technology elements include: SOA, the enterprise service bus, and business process management. Model Bank Component cases include Citi, Hana Bank, JPMorgan and Wells Fargo.

In **marketing / sales / customer service**, key technology elements in marketing/sales include: customer data consolidation, understanding customer profitability, and relationship pricing systems. Key technology elements in customer service include: skills-based routing and rules-based workflow, comprehensive interaction tracking systems, VoIP networks integrated with contact management systems, integrated and disciplined multichannel service, and an integrated customer view. Model Bank Component cases include: Bank of the West, Enterprise Bank, Kennebunk Savings Bank and Metro Bank.

In **distribution / channel management**, key technology elements include: enterprisewide data consistency, user-friendly graphical user interface, depth of self-service integration, ubiquitous and consistent user experience, support for end-to-end process, and workflow-based, rules-driven account opening. Model Bank Component cases include: Extraco Banks, HDFC Bank, Scotiabank, and UMB Bank.

In **transaction processing**, key technology elements include: simplified payment initiation, rich remittance information linked to payments, rules-based engines, and platform modernization. Model Bank Component cases include JPMorgan, Lagoon Home Savings & Loans, and Wegagen Bank.

In **security and risk management**, key technology elements include: behavior and rules-based tools to combat fraud, systems and tools to protect clients and their accounts, and systems and tools related to internal issues affecting employees, corporate networks, and applications. Model Bank Component cases include Union Savings Bank.

The report contains expanded discussions of these elements and examples. Celent plans to refine this summary of best practices and identify new model bank components annually.

The following Bank of the West profile is an example of the kind of Model Bank Components chosen annually.

Bank of the West: Retail Operating Model Reengineering

Bank of the West offers a full range of business, corporate, personal, trust and international banking services through more than 700 branch locations and commercial banking offices in 19 Western and Midwestern states. Bank of the West's holding company, BancWest Corporation is a subsidiary of BNP Paribas

Table 1: Bank of the West Snapshot

Bank of the West	
Company Information	
Year founded	1874
Company Size	US\$58b assets 10,000 employees
HQ Location	San Francisco, CA
Branch Coverage	650 across 19 states
Infrastructure Information	
Branch Technology Environment	FIS TouchPoint Teller Direct Teller teller capture solution FIS TouchPoint Sales & Service GMT Planet workforce optimization
Core Systems	FIS Systematics AFS commercial lending Fiserv Mortgage FIS VisionIP item processing platform Imagine Solutions ECM
Self-service Channel Systems	716 ATMs Fiserv Consumer Internet Banking supporting bill pay and Popmoney ClairMail Mobile Banking VRU

Source: **Bank of the West**

Bank of the West began its Future Bank initiative in 2007. The purpose of the project was to create a new retail operating model by reengineering systems and processes that would allow reallocation of local resources. The vision was to create a superior sales and service experience in which every interaction with a current or potential customer is both relevant and satisfying for the customer, and efficient and productive for the bank. The new retail operating model was facilitated by a significant technology change which it implemented alongside comprehensive business process redesign over a period of three years.

Opportunity

Bank of the West sought a step change in branch channel efficiency and effectiveness. Specifically, it sought to reduce administrative activity while creating a more efficient and effective sales and service platform in its branch and contact center channels.

Solution

The underlying technology driving the new Future Bank model was the FIS TouchPoint Suite, including TouchPoint Teller and TouchPoint Sales & Service. TouchPoint Teller is fully integrated with the FIS Image Capture solution (Direct Teller) to perform Image Capture at the teller line using Canon CR55 scanners. Doing so both reduces costs and improves the customer experience. Customer authentication and signature capture is facilitated by Ingenico 6580 card terminals at each teller station. After previously outsourcing lockbox operations, the use of teller capture allowed Bank of the West to eliminate 3 internal and 8 external capture sites, significantly reducing back-office costs.

Through its Project DART, Bank of the West analyzed all use of paper in its branch network and designed more efficient workflows. Paper was either eliminated using TouchPoint or streamlined with branch scanning using multi-function devices and routed to the back office via an enterprise content management solution from Imagine Solutions. TouchPoint Sales & Service provided a 360 degree customer view including non-bank products. Beyond its customer centric view, the platform created a closed-loop sales process with TouchPoint managing sales leads from origination to closure.

Alongside the TouchPoint suite, Bank of the West installed an integrated secure check printing solution from Standard Register and Source Technologies used by both TouchPoint Teller and Service to create official checks and personalized customer new account kits and checks.

Results

Bank of the West achieved significant results in a number of areas. The improved retail operating model resulted in an improved customer experience and significant workflow efficiencies leading to cost savings as well as elimination of administrative tasks, which allowed a redistribution of branch and back office staff effort. The latter in concert with precise sales lead tracking capabilities in TouchPoint drove significant sales results. See Table 2 on page 7.

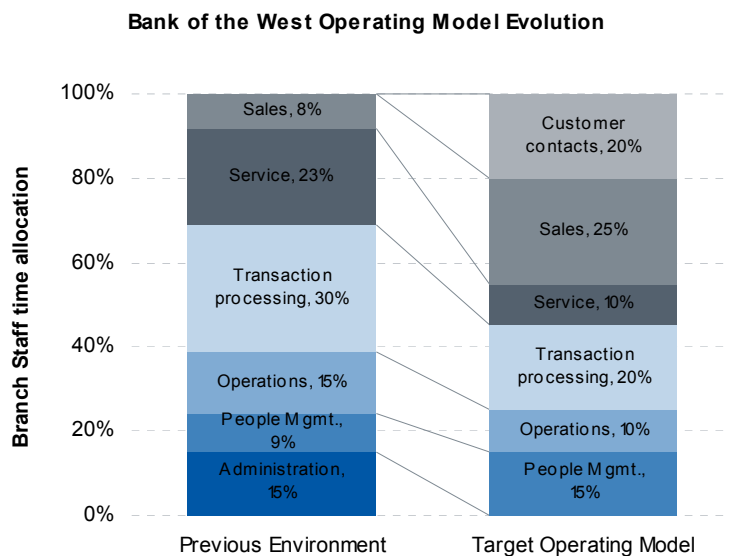
Table 2: Impressive Results from its New Operating Model

Success Metrics	
Platform operational efficiency	<ul style="list-style-type: none"> ■ 14.5 hours saved per branch per month to reallocate proactive sales and service activities ■ 100% elimination of dual entry between account opening and back office fulfillment
Sales effectiveness	<ul style="list-style-type: none"> ■ "Next Best Product" reactive prompting has experienced an 18% closing ratio (about 50,000 new product and service sales) ■ Daily sales leads completed increased 610% in the first year ■ Daily Core Sales per Banker increased by 128% in the first year
Teller operating efficiencies	<ul style="list-style-type: none"> ■ 15,000+ hours saved monthly (23 hours per branch per month on average) ■ Savings of over \$3 million per year in transportation costs

Source: **Bank of the West**

The reengineering of the retail operating model provided enhanced and automated business processes that were previously manual and paper-based. Doing so reduced transaction time and errors, improving the customer experience and ultimately leading to more time for customer contact and sales. The aggregate effect on branch staff effort allocation is reflected in Figure 1.

Figure 1: Administration Gave Way to Sales and People Management



Source: **Bank of the West**

Leveraging Celent's Expertise

If you found this report valuable, you might consider engaging with Celent for custom analysis and research. Our collective experience and the knowledge we gained while working on this report can help you streamline the creation, refinement, or execution of your strategies.

Support for Financial Institutions

Typical projects we support related to banking include:

Vendor short listing and selection. We perform discovery specific to you and your business to better understand your unique needs. We then create and administer a custom RFI to selected vendors to assist you in making rapid and accurate vendor choices.

Business practice evaluations. We spend time evaluating your business processes. Based on our knowledge of the market, we identify potential process or technology constraints and provide clear insights that will help you implement industry best practices.

IT and business strategy creation. We collect perspectives from your executive team, your front line business and IT staff, and your customers. We then analyze your current position, institutional capabilities, and technology against your goals. If necessary, we help you reformulate your technology and business plans to address short-term and long-term needs.

Support for Vendors

We provide services that help you refine your product and service offerings. Examples include:

Product and service strategy evaluation. We help you assess your market position in terms of functionality, technology, and services. Our strategy workshops will help you target the right customers and map your offerings to their needs.

Market messaging and collateral review. Based on our extensive experience with your potential clients, we assess your marketing and sales materials—including your website and any collateral.

Related Celent Research

[Celent Model Bank 2010: Case Studies of Effective Technology Usage in Banking](#)

May 2010

[Celent Model Bank 2009: Case Studies of Effective Technology Usage in Banking](#)

May 2009

[Celent Model Bank 2008: Case Studies of Effective Technology Usage in Banking](#)

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