

Channel Optimisation

A strategic lever of profitable growth

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Does this sound familiar to IT & Business Directors?

Foreign Banks are entering Vietnam. Will they wean away profitable customers?

Mobile phone adoption is fantastic! How can I leverage this ubiquity?

How do I increase the share of wallet? Can I help convert some part of large 'Cash' transactions?

New customer acquisition remains a challenge!

There are so many systems running in the back-office. How do I create a unified experience for my customers?

Branches are expensive mechanism to distribute solutions. How can we reduce cost to serve?

How can I leverage the customer data & make money from the information in it?

My product offering is not comprehensive. Creating a new product just takes too long!



These problems present Vietnamese Banks a unique opportunity to make 4 fundamental shifts to achieve their plans



being **the china price** through automation, elimination and scale

winning **in the turns**



through lower fixed cost and flexible processes



making money from **information** through insight and cross-sell

loyalty through **faster innovation**

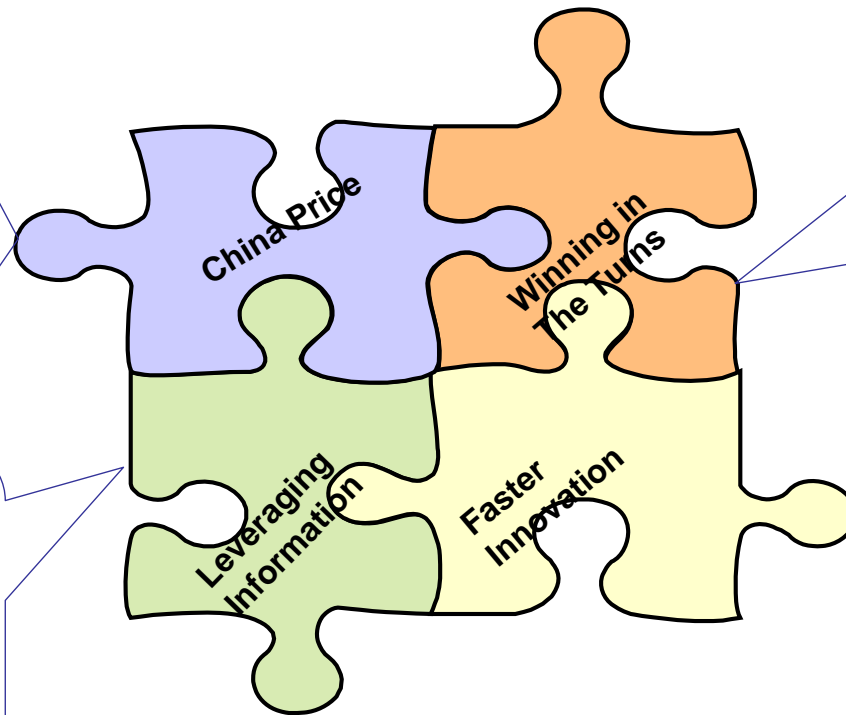


through compressed product and service development cycles

Aligning “Channel Strategy” with such fundamental shifts

- Aggressive service pricing through low cost channels.
- Automation (STP) & self –service.
- Redeployment of staff

- Tracking customer data
- Use customer transaction for cross-selling and up-selling
- Multi-channel Alerting



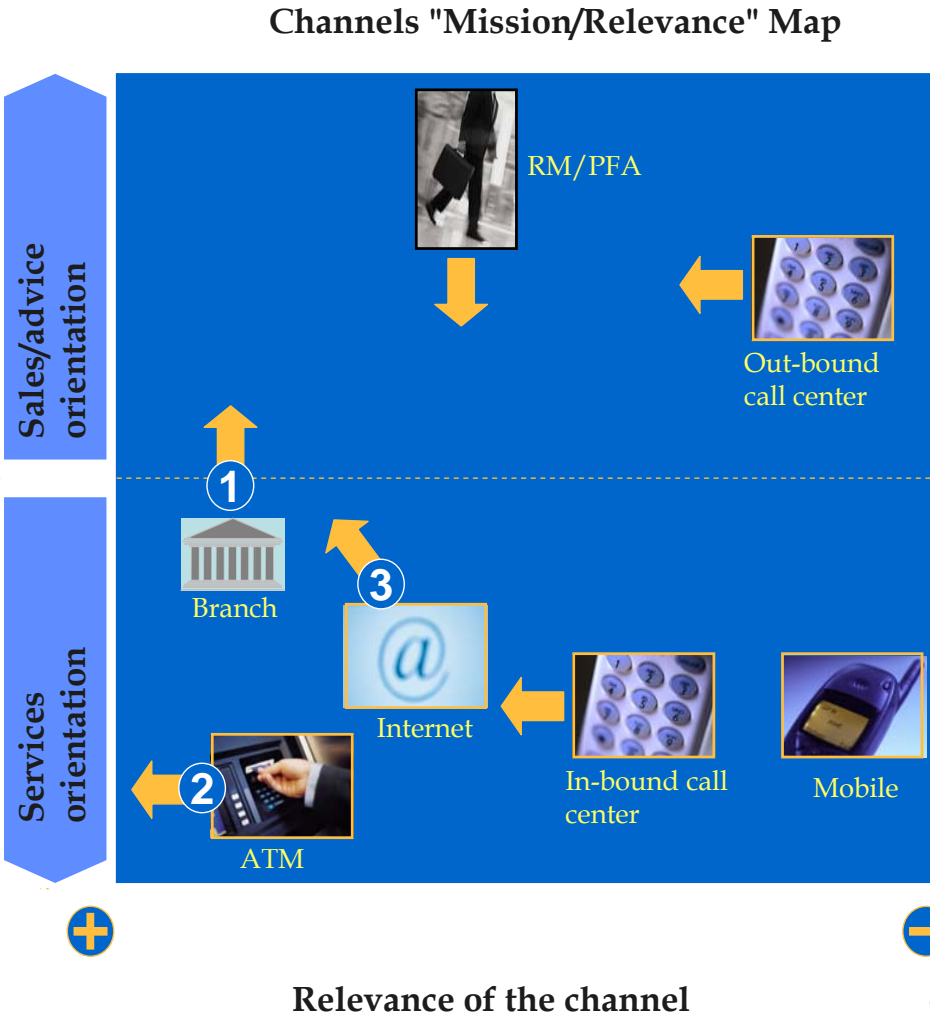
- Lower fixed cost through shared IT cost across SMB & Retail segments.
- Scalability

- Solution flexibility should enable product innovation
- Staggered / modular launches

Banks are typically challenged with integrating their organization structures, processes and technologies as they embark on their multi-channel journey`

Challenges of Channel Integration

- Lack of integrated customer demand and supply processes
- Lack of common understanding of the customer and their buying patterns
- Disparate views of customer interactions in multiple channels
- Inability to extend loyalty programs and other services across channels
- Organizational structures and leadership with responsibilities and objectives in conflict with each other across channels
- Fear of channel cannibalization from within disparate business units
- Limited available metrics to capture the profitability of multi-channel customers
- Substantial investment required to integrate and maintain disparate enterprise systems



- 1 • **Branch** remain the key channel
 - Increase "sales/advice" focus
 - Branch formats will proliferate

- 2 • **ATM** will increase their service capability

- 3 • **Internet, Mobile and Banking CRM** shows untapped potential
 - Growing penetration of "broadband"
 - Appearance of 'Mobile' as a ubiquitous device
 - Increased importance of managing the customer across channels

Source: McKinsey

Relevance of the channel

Internet Offering – a key component in ‘Channel Optimisation’ strategy



Hygiene Offering

- Account services
- Cheque services
- Account Transfers
- Credit cards

Value added offerings

- Local payments
- International remittance
- Utility bill payments
- Online payment acquisition
- Telco recharge
- eStatements
- SMB offering (SMB Payroll etc.)

Banking CRM

- Web based integrated with IB
- Sales (Origination)
- Service Management
- Strong Reporting
- Cross-sell

Technical Differentiator

- Robust Security
- Ease of back-office integration
- Flexible
- STP Capabilities

ROI generators – payment acquisition, eStatements, Utility payments, SMB charged services

Leads to:
Low cost services, Cost savings, Fee income, Higher share of Wallet, Customer stickiness

Illustrative list

The Customer Experience

Making it Personalized and Relevant

Presentation of data

- ✓ Product centric
 - ✓ Card only
 - ✓ Deposit only
 - ✓ Loans only
 - ✓ Combinations

Bank Community

Customer Preference

- ✓ Language
- ✓ Channel
- ✓ Most used feature



Customer Segment

- ✓ Consumer
- ✓ Private Bank
- ✓ SMB
- ✓ Large corporate

Customer Behavior

- ✓ Length of engagement
- ✓ Online Service Usage
- ✓ Search, Help, Navigation

Contextual Cross-sell

- ✓ Relationship value
- ✓ Likelihood to respond

Mobile Offering – holds great potential for value added offering & financial inclusivity

Multi-Channel Alert

- Proactive event based alerting
- E-mail, SMS & IB
- Customer retention tool

SMS Banking

- Text based banking
- Menu driven SMS Banking
- Always available 'payment device'

Mobile Browsing

- In its infancy
- Holds great potential

Technical Differentiator

- Secure mobile banking
- Configurable alerting
- Re-uses IB to extend to mobile

ROI generators – Share of revenue from Telcos, Charged services

Leads to:

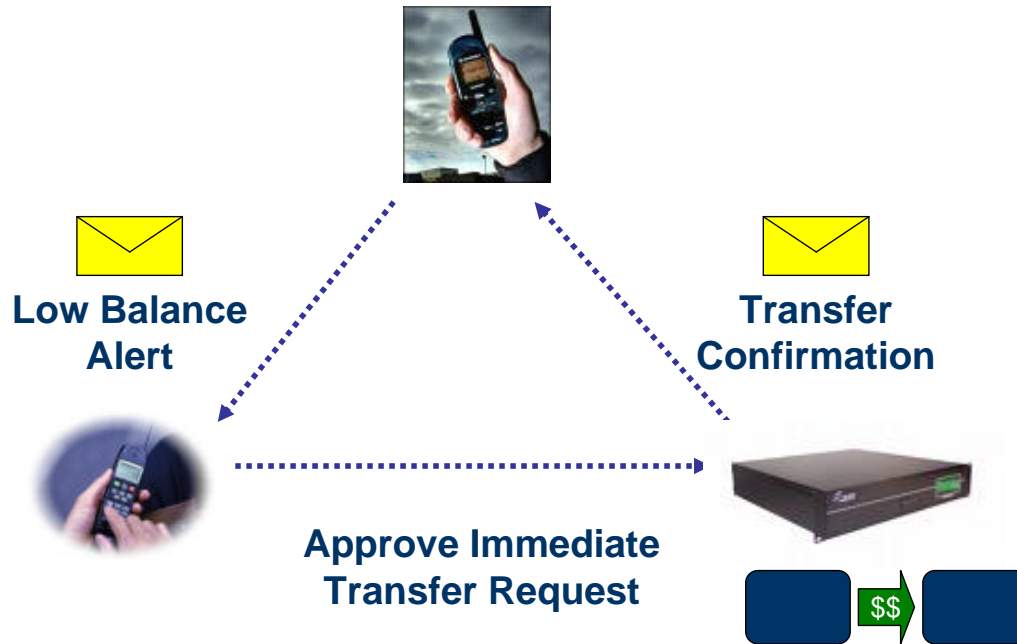
Reduces customer churn, Acquire new customers, Fee income, Higher share of Wallet, Social obligation

Illustrative list

Creating Innovative Capabilities

Mobile Payments – Replacing Cash

Actionable Alerts



Secured Peer 2 Peer Payments



Financial Inclusion

Thank You

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