

## ***Online Banking - Getting personal with customers and prospects!***

There was a time when banks knew their customers intimately. Sixty or so years ago the bank manager knew the names of his customers, their children, their lifestyle and their commitments. Banks had fewer customers then, and less products and services to offer them.

The retail banking market has changed radically since then. ATMs appeared in the 1960s, telephone banking in the 80s, in the 90s online banking started to emerge and more recently mobile banking is starting to appear. The adoption of each new channel presented an opportunity for banks to reduce transactional cost, as customers became self serving. For the customer, each new channel meant that banking became more convenient for them. They were not tied to a certain time of day, they could access what they wanted, when they wanted, and from where they wanted.



Throughout the last decade, the proliferation of online banking has continued to increase. In 2007 Lloyds Bank saw 70% of its customers do the bulk of their banking online – a steep increase over the figure of 18% in 2005. A concerted effort has been made by the industry to allay early customer concerns about online fraud and sophisticated applications have been deployed to protect customer data. The spread of the internet has also facilitated the adoption of this channel by customers. However the opportunity presented by the internet goes beyond that, by reducing transactional costs, it could also become the banks' best salesperson.

However, it could be viewed that a salesperson has a distinct advantage over the “server” on which banking applications sit. They can see the customer; by watching body language and listening to their requirements, they can see how the customer reacts to a situation, verbally and non-verbally and can then adapt their responses to suit the customers' reactions.

Technology is increasingly being able to provide a similar service though. Through business analytics, it is now virtually possible to see exactly what the customer actually experiences when he comes to using his bank's website.

The retail sector already analyses customer movements throughout the outlet. Understanding the routes customers take and the shelves they pick from etc., enables retail outlets to merchandise effectively. Why is the supermarket baker generally at the back of the store? It means that a daily staple part of the diet can only be reached by passing strategically placed special offers and it maximises the customer's time in store, tempting them into impulse purchases.

Exactly the same logic can be brought to banking websites. Surfers' movements can be watched, measured, and analysed; what the mouse hovers over gives insight as to what the customer, or prospect, is considering. Data can be collected and every interaction recorded in real-time, from page loading, to mouse movement and from the clicking of a button to the content of a search list.

The collection of this information enables banks to become more responsive to their customers' and prospects' needs. We have all experienced frustration in dealing online, the frustrations of broken links, site complexity etc... The information gathered enables banks to improve the smoothness of flow within a site, making it easier to use and more convenient for

the customer and prospect, improving retention and creating cross sell and up sell opportunities.

Using business analytics, banks have the opportunity to measure, report on and forecast all aspects of online interactions. This allows the bank to quantify what aspects of their interactions are underperforming, and more importantly what impact improvements would deliver in financial terms. For example, you could determine what degree of improvement in pay per click success, as opposed to an improvement in a product application process, is more likely to result in increased online recruitment and offline fulfilment.

So business analytics can improve the online experience, lead to more sales and everybody is happy, but in the spirit of continuous improvement there are enrichments, from other data sources, that add further value, to optimise the customer experience.

For example, incorporation of customer demographic information and transactions carried out through other channels would give banks a far greater breadth and depth of insight into online behaviour than has previously been possible. This will enable finer targeting of products and services and higher associated take up of such offers – and in the optimised bank this would happen across channels.

We have therefore, potentially, come full circle. The banks have the data, technological capability and analytical functionality to rediscover that 1-2-1 relationship that the branch manager had with their customers 60 years ago and actually deliver the service that the customer requires. We all want to be treated as individuals and now with business analytics and multi-channel marketing, we can be.

***Mark Elkins, Financial Services Manger, SAS UK.***