

# Executive Perspective

## **Savings and Retirement Products You Can Bank On: Meeting Consumer Demand for Safer Investment Products**

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*"Banks are working hard to rebalance their profit flows, and core savings and retirement deposit growth is at the center of that activity. To capitalize on this opportunity, banks realize they will need to improve how they onboard new customers, open new accounts and handle transfer of funds."*

### Summary

Upheaval on Wall Street and financial markets around the world has consumers reeling with the losses to their savings and retirement funds from "401K" investments. As a result, consumer demand for safer long-term investments has never been higher.

Banks seeking to capitalize on that demand will need to improve their ability to handle large volume increases in their savings and retirement products. This will require process improvements in customer on-boarding, account openings and rollovers through branches and electronic channels that most institutions are unable to efficiently handle today. Those banks that are successful in bridging the information and process gaps for key processes will capture the business.

This paper describes how Global 360 Business Process Management (BPM) software can help banks reduce operational cost, eliminate significant streams of paperwork, and improve the customer account opening and servicing experience to grow their businesses. We will highlight best practice implementations for Savings and Retirement Products Portfolio Management and the immediate results that can be achieved with the Global 360 solution.

### Challenges

Compelled by current Wall Street investment losses, consumers are starting to demand safer, long-term investments. This demand is good news for insured institutions such as banks and credit unions, where the search for a safe haven for retirement and education funds has already led to volume increases in account openings and rollovers through branches and electronic channels. Unfortunately many of these very same institutions are ill prepared to manage the increases effectively due to systems that lack connectivity and involved paper processes.

Consumer deposits, especially long term, are the measure of a bank's performance and success. Yet as critical as customer acquisition and retention is to the health of retail banks, the very business units charged with account openings, withdrawals, and closings face costly and inefficient processes characterized by manual, error-prone and inflexible processes, paper documents and silo operations. Banks have

multiple core banking systems for different products which creates difficulty in process areas like account opening, there are multiple product specialists and systems to touch and little to bridge the communication gaps.

Combined, these types of problems inevitably lead to:

- » Inaccuracies in account funding and customer information capture
- » Undue expense in bringing new products to market
- » Disparate service levels
- » Low customer satisfaction
- » High rates of application abandonment
- » Loss of cross-sell and up-sell opportunities
- » Undermined compliance and security initiatives



*“Underserved by technology, often with disparate systems and integration only for accounting purposes, business units are charged with account opening, withdrawals, and closings. Since it is a largely manual process little information is available at touch points, so branches often bear the brunt of problem resolution.”*

Increases in demand while welcome are exacerbating these challenges. The higher FDIC insurance thresholds in the U.S. have led to immediate marketing initiatives intended to drive even higher demand. And, the increase in retirement age individuals raises the demand for additional products and rollovers, as well as automatic distributions.

Traditional strategies for growth have focused on getting the next customer, prompting interest in better account opening and on-boarding processes to support customer acquisition. Account opening represents the best, and likely the only, chance for banks to establish a needs-based conversation with customers. Now with the current financial market dynamics, relationship-oriented banks are also investing sales and marketing dollars on cross-sell of other bank products to their customers, taking advantage of the demand for safer investment products and making it much more challenging for customers to switch banks.

This requires enhanced strategies to support “re-boarding” and transfer processes as well as acquisition processes. Yet, the departments and branches that need to handle the brunt of the challenges and respond to the opportunity are ill equipped to do so. For example in the U.S., bank’s IRA departments



generally handle traditional IRAs, SEPs and ESAs. Underserved by technology, often with disparate systems and integration only for accounting purposes, business units are charged with account opening, withdrawals, and closings. Since it is a largely manual process little information is available at touch points, so branches bear the brunt of problem resolution. And, while the expansion of bank branch locations has been one strategy for better engaging with banking customers, as the number of branches have grown, the average number of bank staff per branch has dropped.

For banks who want to seize this unprecedented demand opportunity to attract, retain and grow customers and deposits, process improvement is critical. This is where BPM can bridge the gaps both in process and system integration to ensure continued deposit growth and customer satisfaction.

### Strategies

Opportunities clearly exist then to attract and retain new IRA and ESA customers and accounts. Banks are searching for solutions to streamline processes and deliver improved performance to support this profitable growth.

Four key strategies are finding favor and delivering results to forward-thinking institutions:

- » **Focus on client-centric operational efficiency** using Lean/Six Sigma disciplines to drive for leverage across silos and enable branches
- » **Remove paper and integrate documents across multi-channel** inputs to reduce cost and process timeframes
- » **Scale to capture increased demand** for select products using mid-office and back-office orchestration
- » **Use “persona-based” process automation** technology to reduce cycle time, focusing on the participants in the process to change how the work gets done.

When combined, these strategies can result in significant changes to the economics of key business processes, and drive overall improvements in customer and account acquisition and retention.

*“The on-boarding process is rich with unexploited opportunity to grow core deposits, and an investment in on-boarding can be made operational and profit-positive immediately.”*

Case in point, research by Dove Consulting found that a significant number of customers perceive the prospect of switching banks as too difficult. Thus banks are wasting account acquisition marketing resources by not presenting their prospects with an on-boarding and funds transfer process that promises to solve the ‘too hard to switch’ problem. Further 30% or more of new customers leave in the first year as a result of on-boarding dissatisfaction. Thus, Dove research clearly reveals that the on-boarding process is rich with unexploited opportunity to grow core deposits, and an investment in on-boarding can be made operational and profit-positive immediately.

To reap the benefit of these strategies, Global 360’s experience indicates that what is required to improve new customer account opening and administration is a robust yet easy-to-use solution that considers the process participants, the manager, as well as the IT design and support perspectives and enables work to be effectively organized, prioritized, managed, and tracked.

## **Solution Requirements and Approach**

Like most firms, banks want to do more with the resources that they have to improve internal efficiency and the customer experience. Given current market conditions and opportunities, banks are prioritizing improvements for on-boarding, account opening and servicing of savings and retirement products like ISAs in the U.K and IRAs in the U.S. as key processes that provide enormous opportunity to increase productivity and attract new business.

As Forrester Research so aptly points out, what a customer actually experiences during the enrollment or account opening process is the moment of truth when it comes to customer experience. It is critical then how the bank captures customer information, collects and records any required customer documents and signatures, and accepts the deposit. Account servicing is equally critical. Along with the enrollment and account opening process, how the bank manages the client account explains a lot of the customer experience. The process includes customer information and case management, inquiry and problem management.

*"Like most firms, banks want to do more with the resources that they have. Business process management can deliver new and long-term efficiencies, ensure compliance, improve the customer and employee experiences, and increase revenues."*

Banks' outdated core systems are not designed to support demands that exist today; leaving banks to consider migrating to newer, flexible, and more open systems that can be deployed in a tactical manner to support strategic goals. In particular, banks are leveraging BPM technology to bridge information and process gaps that their existing systems present.

With traditional BPM, companies can automate their paper-based, labor-intensive processes. However, this "model-driven" approach is not sufficient because it lets the model dictate how work gets done and treats users as an afterthought. Improving a process with speed alone can only help make the same mistakes faster; and forcing an unfamiliar, non-intuitive user interface on staff can hurt productivity more than it helps. Global 360's distinctive persona-based BPM solution delivers both an improved process flow and an optimized user experience. Based on the study of how work is done and how to work better, Global 360 viewPoint applications deliver a unique view of the information that is most valuable to each type of user, and enable process participants to effectively collaborate. The results of this approach deliver significant contribution to the bottom-line through cycle time reduction and employee productivity.

### Best Practices in BPM are Lessons Learned for the Industry

Global 360 is working with companies who have made outstanding progress in improving the performance of the processes that support their savings and retirement products. Our BPM solutions are enabling companies to automate their paper-based, labor intensive functions to fully-integrate their multiple customer touch-points -- branch, call center, Web portals, and email -- with their back-end and third-party systems to automate and integrate processes that are both complex and distributed.

For example, a leading financial services and insurance company with assets of over \$20 billion had reached the point of unmanageable complexity in various business units and functional areas. Faced with long queues of work and a paper-intensive environment, the organization needed a foundation upon which to improve critical business processes, increase operational efficiencies,

**Results for Processing:**

*With Global 360 persona-based BPM solution, one \$20 billion institution streamlined its business processes, allowing multiple users and channels to have consistent access to a common set of tools, applications and data.*

deliver consistent and convenient customer satisfaction across all channels, and ultimately drive assets.

With the Global 360 solution, the firm can convert paper to electronic and integrate all of the key documents together with the process flow for seamless product portfolio management. The solution orchestrates the system-to-system and human steps and applies rule-based decision logic to effectively process and manage savings and retirement product portfolios for ISAs. The associated monitoring capabilities provide real-time visibility and analytics into the back-log queue, status of activity, and branch business levels.

By investing in Global 360's BPM solution, this institution is able to:

- » Establish more efficient processes to respond to existing volume peaks and respond rapidly and efficiently to high-volume requests
- » React to the market and customers in anticipation of rapid growth in account openings and servicing requirements
- » Ensure those customer requests can be managed at all touch points
- » Track and speed movement of new account setups and funds transfer
- » Monitor for compliance and reporting the distribution and return of documents

The Global 360 solution is able to create a unified system for integrating front-end systems with back-end resources, automate and streamline the business processes from a client-centric perspective, and allow multiple users and channels to have consistent access to a common set of tools, applications and data. Perhaps most importantly, the solution allows the agility to add new channels and products easily.

**Next Steps**

Banking institutions rely heavily on core systems for operational capabilities, but there is a need to bridge systems and information gaps to deliver products and services that customers expect. It is the people, the processes, and the data that must work together to capture increased deposits and profits for the institution.

## Executive Perspective: Meeting Consumer Demand for Safer Investment Products with BPM

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Global 360 is working with banks to successfully transform their traditional, paper-based, labor-intensive practices of customer on-boarding, new product enrollment, and account servicing into an automated collaborative solution using our industry leading persona-based BPM solutions.



We invite you to learn more about our banking solutions for Savings and Retirement Products Portfolio Management and experience our unique viewPoint Assessment service. Our viewPoint Assessment service is designed to clearly demonstrate how process technologies will improve your operations, and provide you with a basis for demonstrated ROI to justify process improvement. Then accelerate your time to business results with our solutionViews, Global 360's persona-based solution frameworks, by taking advantage of industry best practices and research-based peer experiences that are incorporated in our out-of-the-box software components.

Contact us today to learn how your company can take the next steps to improve operating effectiveness and empower your staff for greater productivity.

### About Global 360

Global 360 helps organizations to better manage processes today and make improvements for tomorrow. Our process and document management solutions improve business performance by maximizing the productivity of all participants in a process. Building on our strength in financial services, government, insurance, manufacturing, telecommunication and the retail sector, Global 360 has helped more than 2,000 customers in 70 countries reduce paper, automate processes, and empower individuals to truly change how work gets done.

About the Authors

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Patrick Condon is the Director of Product Marketing at Global 360. His career includes nearly 20 years of experience in financial services firms and enterprise software companies. Mr. Condon has served in PMO, quality, technology, product and business management roles across consumer, commercial, institutional, and wealth management businesses at JP Morgan Chase and Bank of America. In addition, he has been responsible for product management and marketing, and strategic planning at leading software companies. Mr. Condon is a certified Six Sigma Black Belt and Lean Master and is on the Board of Associate Trustees of Siena College in Loudonville, New York.

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Deb Miller is Director of Market Development for Global 360. Her work with the Global 360 solutions team focuses on industry strategies for business process improvement. Her career includes more than 20 years of global industry experience with GE. Since 2002, she has been a study group contributor to the President's National Infrastructure Advisory Council. Ms. Miller is a Phi Beta Kappa graduate of Syracuse University with a degree in Mathematics and a dual Masters in Education and Mathematics. She has attended GE's Management Development Institute and is a Six Sigma Green Belt.

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