

BUILDING LOYALTY & MARKET SHARE THROUGH ENHANCED ONLINE SERVICES

With today's online banking penetration rates growing rapidly, coupled with ongoing merger and acquisition activity, many banks are discovering that their in-house online banking solutions from the 1990s just aren't scaling well. We are seeing a movement to using more commercial systems and platforms, and away from proprietary systems. Free bill payment for consumers is also another driving factor pushing consumer adoption of using the Internet for conducting financial services.

It is obvious that online banking doesn't displace other delivery channels, it just supplements them. That is why it is critical for financial institutions to tie in insurance, investment services and other products into their online offerings. If they want a bigger share of their customer's wallet, they must be able to deliver all of these products in one convenient place, with a single sign-on.

Marketing messages delivered via the online channel must be integrated with the branch, call center and ATM in order to be effective. That is why we have put so much effort into our Open Bank initiative that uses a centralized operational data store to distribute offers to what we call 'a market segment of one.' This Microsoft SQL Server database runs on an HP Integrity server and stores all of a customer's transactions, as well as the history of all marketing offers across every channel, so it is an incredibly powerful tool.

Through our partnership with vendors such as Amdocs and SAS, our Open Bank program delivers views by total customer relationship, instead of by products. This allows the bank to very granularly analyze a customer's profitability and set individual relationship fee structures. The customer experience is enhanced, relationships are deepened, and client loyalty increases when banks have this level of control over their channel delivery applications.

With Open Bank, HP empowers financial institutions to address key issues of customer satisfaction, risk management and operational efficiency. On the customer side, consumers enjoy a 360-degree aggregate view of their relationship with their financial institution. We believe that this kind of integrated and open solution represents the future of banking.



Charles Gowin is the Retail Banking Segment Manager for Hewlett-Packard's North America Financial Markets Group. HP is a leading provider of products, technologies, solutions and services to consumers and business. The company's offerings span IT infrastructure, personal computing and access devices, global services, and imaging and printing. HP has a dynamic, powerful team of 142,000 employees with capabilities in 170 countries doing business in more than 40 currencies and more than 10 languages. HP has a \$4 billion R&D budget and revenues were \$73.1 billion for the 2003 fiscal year.

