

BUILDING LOYALTY & MARKET SHARE THROUGH ENHANCED ONLINE SERVICES

Online banking has become an expected channel of delivery for retail banking customers. As this channel matures, one of the trends that we see is the greater appreciation of packaged, but customizable, Internet Banking solutions. While some banks built their own solutions at the onset, we expect to see even greater use of solutions from Microsoft partner companies like Corillian as banks consider the need to refresh and add functionality to their Internet Banking channel. We also see continued expansion of the use of OFX as a standard to enable customers to download their financial information into personal financial manager software, such as our Microsoft Money.

We also see a new focus on Small Business Banking via the Internet. This is a significant market segment for most retail banks, and the small business owners and professionals are responding well to the use of the Internet for many services from their bank. This is particularly valuable to the banking industry because many of these small business owners are also considered attractive affluent customers and candidates for wealth management programs. Allowing them to use the Internet for both personal and business purpose can increase loyalty.

The leading banks see Internet Banking as a means to change the customer experience and differentiate themselves in the marketplace. In many ways, they are competing with leading eCommerce sites, like Amazon.com, to create a strong customer experience. Amazon and others have set the bar for the financial services industry. They recognize the need to move beyond customization to personalization.

A key element of building increased adoption and loyalty is to ensure that the customer experience on the Internet Channel is consistent with the branch, ATM and call center channels. It also means that employees in the call centers and branches are empowered to address customer questions and problems regarding Internet Banking activities. A longer term goal is to allow for activities initiated in the Internet Channel, such as a loan application, to be "transferred" to another channel for completion. This will improve "completion" percentages for loan applications and other new account opening processes.



Warren Lewis is the Managing Director for Banking within Microsoft's Enterprise Solutions Group, his focus is to work with partners to develop intermediate and long-term strategies and programs to help the financial services industry use technology to better serve their members/customers, employees and other stakeholders. Warren is a 20-year veteran of the financial services industry. He has held executive positions at Bank of America and US Bancorp, and was co-founder of a state-chartered commercial bank in Washington State. His experience includes management of product and delivery systems development, regional branch networks, credit card, debit card and indirect lending programs, ATM and other electronic banking services, marketing services and strategic planning. Warren also spent a number of years serving the credit union movement as part of the Washington Credit Union League and LSI team. In that role, he developed a shared branching system and a cooperative indirect lending program on the Web.

