

BUILDING LOYALTY & MARKET SHARE THROUGH ENHANCED ONLINE SERVICES

With adoption of online banking growing year after year, online bankers now represent the mainstream. Now the goal for banks is to transform these enrolled users into profitable customers. This entails getting them to use the online bill payment services banks already offer and rolling out new services.

Even though bill pay may seem old hat, it really does make customers more profitable, but less than half of online bankers are using it. Banks must get onboard with free bill pay and focus their efforts on cross selling bill pay to both their new clients and existing online bankers.

Even as banks work on making existing online bankers more profitable, they should also address the barriers to adopting online banking in the first place. The biggest of these barriers is security. It is essential that banks build a platform of trust - one that is based on two basic tenets: education and guarantees. At a minimum 128 bit encryption and strong passwords must be enforced, and a concerted effort made to continually educate the public about the dangers of phishing, pharming, key-stroke loggers, etc. As for guarantees, they must be rock solid and not couched in legalese. Again, this must be a two pronged approach since education without guarantees and vice versa just doesn't make sense.

In terms of new services, banks are unduly scared of Account to Account (A2A) transfers. A2A provides consumers with tremendous convenience. Refusing to offer outbound A2A in a bid to retain deposits will look silly when other banks offer inbound A2A-the customer will be able to move their money just by going to the other bank's site and in the process they'll learn to think of the other bank as a more convenient place to manage their money. Banks that have mastered online banking basics should look to the next stage--adding value by delivering financial reporting tools that help consumers analyze patterns and manage their finances. In the end, the most successful institutions will be those that don't just report on a customer's financial situation, but give them the information and tools to improve it.



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