

PERSPECTIVE

REAL-TIME ALERTS A Big Step Forward in Collaborative Banking



Win in the flat world

My mobile phone rang yet again. "Mr. Rao?" and before I could answer, the sweet voice at the other end went on "Mr. Rao, this is Shelley from ABC Bank. Mr. Rao, how are you? I know you must be very busy but I wanted you to be amongst the first to know that we have launched this great offer only for special customers like you. It offers you a combination of" Her voice trailed in the distance as I had already mentally switched off.

It was one of the best holidays that one could ask for. The weather gods were kind to us, the food was great, the tour guide was a walking repository of knowledge with a great sense of humor, and the group from 9 different nationalities gelled well. Looking back, though, if there was one minor irritant, it was the fact that my friendly neighborhood bank was particularly insensitive and possibly a bit too friendly. I had lost count of the number of times I received a call on my mobile and the person at the other end invariably took pains to let me know how glad they were to have me as their customer, and how they are always striving to meet their customer's requirements etc. That was the last thing I wanted to be told over and over again while on a holiday. To make matters worse, invariably, the calls would be followed by text messages on my mobile.

But all this is now history.

The "Wired" Consumer

We all remember the times when we read the day's newspaper and then waited for the following day's newspaper for more information on events. Fortunately today, in the age of the Internet, we can access the Web and get to-the minute updates of events as they unfold anywhere across the globe. What about the giant strides that television broadcasting has taken, particularly in the area of sports coverage? The action on the field is captured by different cameras from all angles possible, and then replays are shown instantaneously, so that viewers (and in some sports third umpires too) can judge for themselves.

This is the age of the wired consumer, one who demands, and gets, information 'here and now'. Technology has obviously played a very big role in ensuring this. However, it has not all been easy. With a proliferation of channels, and an increasing trend of customers getting more comfortable with the electronic channels, the challenge before banks really has been to ensure that multi-channel

integration 'really' takes place and this, in turn, goes to ensure that the customer's experience is a more fulfilling one.

Among the many different technologies that are contributing to this, one such is that of alerts. As the name suggests, these are essentially notifications or messages, which are sent to customers on the happening of a certain event. The alerts are delivered across a wide variety of channels and devices including email, mobile phones, PDAs, fax etc. Alerting technology is still fairly nascent in adoption by banks, but one that is clearly expected to grow strongly, particularly as customers realize that it allows them to exercise a lot of control in their interaction with banks.

Drivers for Implementing Alerts

We have all extensively dealt with banks. And we know from our own experiences that traditionally the relationship has been based on a "customer-asks, bank responds" model. Customers may 'ask' in a variety of ways, when they visit their branch, when they speak with the agent at the call center or when they send an email query. And for their part, banks also then respond across a variety of channels. However, alerting technology promises to take this interaction to an altogether different level.

The fundamental difference arises from the fact that the customer enjoys the control of determining when she would like to receive what kind of an alert and through which medium. In doing so, customers would be expected to make a distinction between 'call-to-action' alerts and 'just for- information' alerts. For example, every month the customer will expect to be notified once her salary has been credited to her account. This is a typically routine "for your information" alert. However, if the customer is planning to sell some stock above a particular price point, then the brokerage department would alert the customer as soon as the stock hits that particular price, so that the customer can take instantaneous action.

Another significant difference is the fact that while alerts traditionally used to be delivered by email, now the trend clearly is towards a multi-channel delivery mechanism. In fact, going by the progress that technology is making, experts clearly believe that in the near future, emails will give way to those alerts, which are voice based and delivered in an automated manner through mobile phones and a variety of other handheld computing devices, which are coming into the market.

From the bank's point of view, this offers them a great opportunity—to focus on the sales and service aspect of a customer relationship. The impact that it leaves in the area of customer service is obvious. Customers are now easily able to keep in close touch with all aspects of their account relationship with the bank, be it crediting of salary to the account, to change of interest rates, to credits / debits above a customer-specified threshold etc. From the point of view of the bank, this offers them a much cheaper option of servicing the customer than the more commonly used agent-based model.

However, alerts also have much to offer in the area of sales. Outbound marketing alerts on product promotions and product changes can go a long way in increasing customer stickiness. This can vary from information of the type that analysts refer to as “highly perishable and on which customers must act quickly” such as changes in existing interest rates to the launch of a new product with a time-bound attractive offer. It must be recognized however, that agent-based mass outbound marketing is a highly expensive proposition and therefore banks would do well to integrate their alert technologies with tools for customer analytics and modeling.

What is clear, though, is that if alerting technology is to really take off, then it necessarily needs to support a multi-channel delivery mechanism. And only then will this move from a “customer-asks, bank responds” model to a more proactive customer service model, as demonstrated in Fig 1.

A word of caution, though—irrespective of whether the alert is related to account servicing or is marketing and sales oriented, it should only be sent to customers who opt for it. Otherwise, it can be a major irritant to the customer.

What Next?

The convergence of technologies offers alerts great hope, even though its initial take-off amongst the large banks in North America and elsewhere has been slow. However, banks need to pay attention to a few issues:

- Even amongst those banks, which have introduced alerts, its utilization amongst customers has not been very high, largely because banks have not fully understood and delivered information of the type and form that customers find very friendly.
- Banks should not stop at just sending alerts ‘for information sake’. The challenge is to really bring in some form of intelligence in the alerting system, so that the interaction with the customer becomes more meaningful. Figure 2 highlights the way to go:
- While selecting the type of alerting technology that they wish to deploy, banks should be cognizant of the fact that it makes deployment considerably simpler if preferably a single solution can take care of the need to deliver across all channels and devices. The solution should be capable of supporting multiple network protocols and customizing messages to customers based on the devices that have been identified by the customer as preferred ones for delivery of different types of messages.
- The potential and power of alerting technology will be considerably diluted if the solution is not fully integrated with the rest of the technology infrastructure within the bank. This includes the various legacy applications that reside in different parts of the bank, the Internet banking application, the CRM system, the call center and IVR applications and other pieces of collaborative technologies such as text chat and co-browsing. The alert solution inherently relies on customer data and integrity of all types of customer information.
- Banks need to approach the deployment of alerting solutions with a conscious multichannel strategy and a strong business case to justify its investment. If banks get their act right in this respect, then it certainly provides an opportunity to be competitively different while at the same time provide a positive ROI based on substantially lower cost-to-serve. On the revenue side too, through targeted outbound marketing, there is an opportunity for banks to substantially increase sales.

Conclusion

Alerting technology offers banks another opportunity to take a giant, but cost-effective step in refining their customer relationship management strategy. In fact, with the investment that vendors are making in this area, future versions of the solutions will focus extensively on customer demographics and customer lifestyles, which will allow the banks to make changes to alerts and their content based on more dynamic changing of the customer situation.

My bank's alert solution now has a "Do Not Disturb" feature which allows me to go to their website and specify only those kinds of alerts that I want when I am on holiday. I am about to reach out to access that feature as soon as I write this piece-in fact, as you read this, I will be on another holiday, to a different part of the world this time, but secure in the knowledge that I shall not be unnecessarily disturbed.

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