

Case Study: Commercial Banking Service Channel Migration

In the beginning of 2001, an aggressive top 25 bank attempted to improve the avenues through which it serves its business customers. The bank accomplished this by replacing physical relationship managers for less profitable commercial segments with virtual, call center based relationship managers. One call center processes sales calls and another resolves service inquiries. Although this innovative approach was a financial dream come true for analysts, management feared the migration could become a nightmare for clients.

The bank retained Bancography to measure the effectiveness of each communication vehicle for the sales and service channel migrations; client satisfaction with each of these channels; and the clients' overall perceptions of the bank. Bancography was also asked to deliver tactical recommendations on future communications strategies for each segment. SEE CHANNEL MIGRATION, PAGE 3

New Products WebSite, 2001 Syndicated Study

In an attempt for Bancography to meet the growing needs of its clients, many syndicated projects are on queue to be conducted, with updates yearly. WebSite is the first of these syndicated studies to be released.

The goal of a bank's website is to offer a recurring destination for its current customers and an informative forum for potential customers. A top-level web site may even become the home page for customers and shareholders. In order to compile a benchmark of practices across functionality, technology, information, responsiveness to questions, and user friendliness, Bancography visited 100 bank websites. The survey includes the top 50 banks, 50 institutions in smaller asset tiers, and 10 internet only banks.

The findings are written from three viewpoints: the customer, the potential customer, and the shareholder.

Please visit www.bancography.com for more results and purchase inquiries.

BranchPlanner, software

BranchPlanner is an innovative product that offers a quick, intuitive method to estimate market potential for any branch location in the United States. In three steps, BranchPlanner collects information about the branch address, projected market penetration, and rates and costs, and then produces reports that help you estimate the potential for any branch location. BranchPlanner yields everything necessary to evaluate a proposed branch location or the performance of an existing office against market potential: a balance sheet and income statement for the proposed location, competitive profile, demographic profile, and competitor maps. This unique tool combines disparate data sources and Bancography's proprietary demand projection database to provide a consistent method for comparing branch opportunities.



Banks may license BranchPlanner annually on a single state, multi state, regional, or national basis. Annual releases will update BranchPlanner's demographic, competitive, balance demand, and mapping data.

Case Study: Branch Network Optimization, top 50 US bank

A leading US bank sought assistance in reconfiguring an older branch network in a major metropolitan area. The bank's previous branch and acquisition decisions had rendered it a market leader but still left several large, urban submarkets unserved. The bank also faced a challenge in prioritizing numerous emerging suburban markets. This project attempted to balance the value of dense, established areas against smaller but faster growing areas.

Bancography provided comprehensive demographic and competitive analysis of all target markets as well as on-site visits.

The project examined over 250 branch sub-markets to identify growth, consolidation, and relocation opportunities. Bancography provided comprehensive demographic and competitive analysis of all target markets as well as on-site

visits. The project suggested over 50 openings and closures and included configuration recommendations and financial projections for all proposed actions.

Numerous meetings with regional management assured that all viable markets would be considered.

On-site visits to each submarket revealed residential developments, retail vacancy rates, new commercial projects, and site-specific issues.

Comprehensive demographic maps displayed configuration opportunities from a network perspective

Financial modeling across several different growth scenarios enabled the bank to compare a range of likely outcomes for each proposed new branch

The project left the bank with a clear blueprint for its branch network for the next several years. Bancography also delivered a submarket-level data bank to the client as a component of this project.

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Current Events

American Bankers Association Marketing Conference

Bancography will participate as an exhibitor at the American Bankers Association Marketing conference in Chicago, from October 14th – 17th. Visit Bancography at Booth #510 in the exhibit hall to see a demonstration of BranchPlanner, to review our WebSite best practices study, or to learn more about other Bancography products and services.

ProfitGuide Release on October 31

Scheduled for release on October 31st, ProfitGuide software enables your bank to understand the profitability of both its products and households. ProfitGuide presents profitability data in intuitive, concise graphs and tables, facilitating quick comprehension of profitability issues. The software features a simple user interface, allowing for fast in-house updates. ProfitGuide's models can drive top-tier retention, cross-sell, product repricing, and branch level service programs.

BAI Retail Delivery 2001 Conference

Bancography is pleased to announce that it will be a participating exhibitor at the BAI Retail Delivery conference in Anaheim, from December 11th – 13th. Visit our booth in the exhibit hall if you missed BranchPlanner's debut in Chicago. Plus, we'll unveil our call center benchmark survey, another best practices study, for your review. And be sure to test drive ProfitGuide, a product and household profitability measurement software tool that we'll launch just prior to the conference (see above).

Scorecards and sales goals

Banks attempting to implement a sales culture require measurement systems to accurately track sales volumes and payments. Performance scorecards provide an automated means of assigning sales goals, capturing performance, and testing the financial impact of various payout scenarios. Once incentive systems are built, market potential based sales goals insure that performance targets remain fair and appropriate given each branch's unique demographic and competitive composition.

Scorecards

We are currently developing sales tracking scorecards for two different banks. Banks attempting to implement a sales culture require models to set equitable, market-based sales goals, and systems to accurately track sales volumes and payments. Performance scorecards provide an automated means of assigning sales goals, capturing performance, and testing the financial impact of various payout scenarios. Watch for a case study about these projects in our next newsletter.

CHANNEL MIGRATION FROM PAGE 1

Bancography randomly telephone surveyed clients from each commercial segment. The survey was sponsored; interviewers identified the bank at the start of the survey. One segment experienced no change in sales or service channel, providing a natural control group. Although this study is ongoing, some initial findings follow:

Although the bank used multiple communication vehicles, including letters and phone calls, one third of the clients were unaware of the change. This confirms the need for reinforcement of any communication to consumers. Of those that were aware of the migration, only one third comprehended the reasons for the change, indicating the importance of articulating clear benefits with any service change communication.

Verbal communication by the new, virtual relationship manager proved less effective in explaining the change to the clients. Bancography recommended using specific scripts for future call center based communications.

Customers are naturally risk averse, and all changes effected some negative responses. However, clients that gained access to the toll free service center were elated with this channel. The pairing of a change with a new benefit mitigated the consequences of the migration to the affected customers.

The project revealed the need for additional communications by the bank, and also helped direct the nature of those communications. Any change in service should always include a measurement programs. Primary research will detect any attrition risks from the change and yield tactics to offset these risks.

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