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Celent Model Bank 2012: Case Studies of Effective Technology Usage in Banking

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Contents

- 3** Introduction
- 5** US Bank: Online Platform Transformation
- 9** Leveraging Celent's Expertise
 - 9** Support for Financial Institutions
 - 9** Support for Vendors
- 10** Related Celent Research

Introduction

What Is a “Model Bank?”

The vision for Celent’s Model Bank research was to try to answer an apparently simple question: “What would it look like for a bank to do everything right with today’s technology?” Of course, the question is not nearly as simple as it appears. The terms “everything” and “right” will mean very different things to different banks depending on their size, the complexity of their operations and product sets, and their technological starting points. While there is no such thing as a “Model Bank”—every bank does some things well, and others not as well when it comes to technology—it is possible to conceive of a “Model Bank” through real world examples of effective usage of technology.

In order to build a “Model Bank,” Celent presents the case studies as “Model Bank Components”—components of a theoretical model bank’s IT systems and practices. The components are:

- Infrastructure and Architecture
- Product Development
- Marketing / Sales / Customer Service
- Distribution / Channel Management
- Transaction Processing
- Security and Risk Management

Since there is a high degree of overlap in best practices for effective use of technology between retail and wholesale banking, Celent has combined both into a single volume to avoid unnecessary duplication. However, differences between the sectors are noted where appropriate.

Nomination and Selection Process

For this report, Celent identified model bank components through the following process:

- Invitations were sent to Celent clients and nonclients. In addition, to assure the broadest public outreach, the model bank initiative was promoted through various channels.

- Nomination forms were reviewed by senior analysts in Celent's banking group, and cases that demonstrated effective use of technology were selected based on weighted assessment of three criteria: degree of innovation, business benefits derived, and technology or integration excellence.
- Banks and vendors were interviewed to review their cases and provide additional information if necessary to create the case study.
- Celent analysts drafted the case studies, which were approved by the financial institutions for accuracy and confidentiality.

Client Disclosure

There were no fees charged to banks or vendors mentioned in this report. Some of the nominating firms, and many of the selected banks, are or have been clients to Celent's retained advisory service. However, Celent was not directly involved in the creation or deployment of any of the initiatives that have been recognized, and no preference was given to clients in the selection process.

US Bank: Online Platform Transformation

US Bank is a nationally chartered commercial and retail bank headquartered in Minneapolis, Minnesota. Its parent company, US Bancorp, has more than \$340 billion in assets and revenue of \$18.1 billion. With \$222.6 billion in deposits, US Bank is one of the largest banks in the country. Its banking operations span 25 states, containing 3,085 branch offices, 5,053 ATMs, and 63,000 employees. Recent acquisitions include the First Community Bank of New Mexico and BankEast. In 2009, *Euro-money* magazine ranked US Bank the “Best Bank in the US.” It has also been ranked #1 in customer satisfaction in 2010, 2011, and 2012 by Consumers for Banking Reform.

Table 1: US Bank Snapshot

Through 12/31/2011	US Bank
Company Information	
Year Founded	1850
Company Size	Assets: \$340 billion Deposits: \$222.6 billion Employees: 63,000
HQ Location	Minneapolis, Minnesota
Branch Coverage	3,085 branches across 25 states
Infrastructure Information	
Branch Technology Environment	Websphere Microsoft IIS SalesForce.com Oracle Access Manager; Service Bus Adobe Omniture
Core Systems	Hogan Integrated Card Systems ACAPS Tibco Inconcert Siebel CRM Fidelity SunGard Axiom
Self-Service Channel Systems	Corillian Online from Fiserv Mobile Banking

Source: US Bank

US Bank has traditionally been focused on branch experience. It had a legacy online platform, but the usability was poor, and the architecture was outdated. With online and mobile becoming such crucial access points, something needed to be done. With that in mind, the bank underwent a major channel transformation initiative which sought to increase the uptake of the online channel, making it a key distribution

platform and effective sales driver. In 2009, the development team began building out a new, highly functional platform, complete with an enterprisewide account opening solution.

The application platform for each product had organically grown over the years and had left the bank with multiple platforms largely divided along product lines. This has led to inconsistent user experience and inefficient fulfillment and maintainability within the bank. Additionally the lack of analytics and tracking led to lost opportunities from new customer and increased value from existing customers.

Historically, each product had its own distinct application platform. Six different products had nine different applications. Ease of use and efficiency suffered, both among clients and within the bank. From an aesthetics point of view, the system was simply outdated. Additionally, account opening presents valuable cross-selling opportunities. A customer applying for one product might be a good candidate for another. With the old system, these analytics were not possible.

US Bank engaged Wipro to partner in building a unified multi-product application platform with a four-step process that created a consistent experience across all products. They ultimately created a web application process that, no matter what product you're applying for, provides a simple, uniform experience, operating as its own completely independent channel. Moreover, there is seamless offline and online integration. The results have been outstanding. Not only have product sale volumes increased, but customers have proactively approached the bank to voice their praise for the new layout; a boon to customer satisfaction. US Bank also won the Keynote award for most improved web site for banking in 2011.

Opportunity

With Wipro, US Bank was able to craft a vision for a highly scalable framework that could handle an increase in online transaction volumes. From a workflow perspective, US Bank hired a consulting firm to understand how they could maximize the look, features, and functionality of the system. The bank envisioned a platform standardization that would also allow for an increased time to market for new products. By adding the ability to add new products to the application, and unifying the format, time to market would decrease, driving product creation.

Solution

The platform came to fruition by leveraging opportunities to utilize strategic internal and external partnerships (Channel Team, Internal Technology Organization, and Wipro). Their mission was not only one of usability, but also of enhancing the fulfillment process. Under a single application process, customers can engage in credit cards, deposits, mortgage, investments, home equity, loans/ lines, and student loans. Some highlights of the platform:

- Modern marketing website optimized to dynamically link end users with targeted value propositions.
- Four step application process for all product lines.
- Prefilled application form for existing customers of the bank.
- Channel-agnostic application workflows. Forms can be saved and retrieved.
- Enhanced cross-selling capabilities throughout each process.
- Customers are informed throughout the fulfillment process.

One of the most important aspects of the new system is that it consists of a common application across all product lines. The platform also enables US Bank to take online sales leads and apply in their offline systems. For example, a customer may want to apply for a product online, but also bridge the use of automation with a real person. Essentially, there is no limitation to process an unfinished application. Whatever happens on one channel can be saved and completed on another.

Some of the other notable feature additions include electronic signature card, customer recognition through dynamic product charts, multiproduct support, electronic disclosures by product and region, electronic notifications, instant decision, account funding, cross-sell and product bundling, web analytics, and increased security dynamics.

Results

US Bank's online channel transformation has been undeniably successful. Since launch, there has been a stark increase in product volumes online. Benchmarks include:

- Checking: 33% increase (11 months)
- CDs: 34% increase (5 months)
- Savings: 7% increase (11 months)
- Credit cards: 18% increase (3 months)

Additionally, time to market for products online has dropped to less than three months, end-to-end from concept to launch.

US Bank began this project simply as way to enhance user experience. What they realized was, it eventually became a project optimizing the fulfillment process, driving sales. Increasing customer satisfaction would ultimately allow US Bank more valuable opportunities for cross-sell. By transforming its legacy application framework, US Bank has shown itself to be a model for insight into distribution and channel management.

Leveraging Celent's Expertise

If you found this report valuable, you might consider engaging with Celent for custom analysis and research. Our collective experience and the knowledge we gained while working on this report can help you streamline the creation, refinement, or execution of your strategies.

Support for Financial Institutions

Typical projects we support related to banking include:

Vendor short listing and selection. We perform discovery specific to you and your business to better understand your unique needs. We then create and administer a custom RFI to selected vendors to assist you in making rapid and accurate vendor choices.

Business practice evaluations. We spend time evaluating your business processes. Based on our knowledge of the market, we identify potential process or technology constraints and provide clear insights that will help you implement industry best practices.

IT and business strategy creation. We collect perspectives from your executive team, your front line business and IT staff, and your customers. We then analyze your current position, institutional capabilities, and technology against your goals. If necessary, we help you reformulate your technology and business plans to address short-term and long-term needs.

Support for Vendors

We provide services that help you refine your product and service offerings. Examples include:

Product and service strategy evaluation. We help you assess your market position in terms of functionality, technology, and services. Our strategy workshops will help you target the right customers and map your offerings to their needs.

Market messaging and collateral review. Based on our extensive experience with your potential clients, we assess your marketing and sales materials—including your website and any collateral.

Related Celent Research

[Celent Model Bank 2011: Case Studies of Effective Technology Usage in Banking](#)

May 2011

[Celent Model Bank 2010: Case Studies of Effective Technology Usage in Banking](#)

May 2010

[Celent Model Bank 2009: Case Studies of Effective Technology Usage in Banking](#)

May 2009

[Celent Model Bank 2008: Case Studies of Effective Technology Usage in Banking](#)

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