



compass

Interactive Data Managed Solutions

November 2010

Successful Multi-Channel Strategies

**One Technology
For All Channels**

Interview with Brett King

**“Social Media for Banking
Is About Listening”**



Hype or Future Trend?

How the Mobile Network Generation Is Changing the Financial Sector





Content

EDITORIAL	03
MARKETS	
Hype or Future Trend?	04
▶ How the Mobile Network Generation Is Changing the Financial Sector	
Interview with Michael Diefenthaler	05
“Banks Have to Approach the Customer, Not the Other Way Round”	
SOLUTIONS	
Successful Multi-Channel Strategies	07
One Technology for All Channels	
Consistent Data	09
One Market Data Platform – One Data Model	
OPINION	
Interview with Brett King	10
“Social Media for Banking Is About Listening”	

Publisher	Interactive Data Managed Solutions AG, represented by Carsten Dirks
Responsible for the Content	Carsten Dirks
Editors	Anke vom Berg, Christina Lotz
Art Direction, Production	Karin Lange, LANGE, Design Intelligence
Image Sources	Interactive Data, Karin Lange (Title-Composing), iStockphoto, Brett King
Contact	Interactive Data Managed Solutions AG Sandweg 94 ■ 60316 Frankfurt am Main ■ Germany Tel: +49(0) 69 505030 0 ■ Fax: +49(0) 069 505030 505 www.interactivedata.com ■ info-ms@interactivedata.com

Registration court Frankfurt am Main, Registration number 49611, Turnover ID number DE 114172084.
Interactive Data Managed Solutions AG is not liable for any errors, factual or otherwise, contained herein.

Copyright 2010 Interactive Data Managed Solutions AG.



Editorial

Ladies and Gentlemen

The increasing importance of mobile internet use and social networking is currently the subject of much public discussion. The new technological possibilities have set in motion a process of change that necessitates a rethinking of existing customer communications. Bank customers now have better, faster access to important information, with availability irrespective of time and location, and they discuss it in net communities.

Although the effect of these trends on revenue and margins is not measurable at the moment, they impact the sales and advisory processes. Many financial institutions have therefore already started to use the mobile channels, and to involve the interactive possibilities of online networks to create added value.

There can also be benefits in investment advice, which requires powerful information technologies: whether in the collection or evaluation of data, the search for profitable investment opportunities, internal workflows or external communication with customers and partners. At the same time, confidentiality and data security play an important role, in particular with financial service providers where banking confidentiality must be kept and compliance requirements met at all times.

In this edition of compass we are not only investigating what impact increasing mobility and social networking could have on banking, we are also showing how our standardized market data platform is designed to ensure the integration of different parts of the company through network information, thereby helping companies to be optimally placed to position themselves in the new markets using a consistent multi-channel strategy.

In our interview with Brett King, prolific blogger and author of "Bank 2.0", we examine the question of how the financial sector can react to these cultural and technological changes with a consistent business model.

Best regards

Carsten Dirks



Carsten Dirks

Global Managing Director
of Wealth Management
Products, Interactive Data
carsten.dirks@interactivedata.com



Hype or Future Trend?

How the Mobile Network Generation Is Changing the Financial Sector

The mobile internet has arrived in the financial sector. According to Deutsche Bank estimates, by 2011 up to 150 million people worldwide will do their banking online and via mobile device. The growth of mobile usage has been a rapid development. Until recently, mobile end devices were primarily used by business people, who accepted the high costs in order to remain in contact with their company and customers whilst they were on the road.



However, the time when smartphones were only possessed by this niche business group is over. With the launch in 2007 of the iPhone, the trend towards mobile internet usage was greatly accelerated. The so-called "apps" were a milestone in the development of user-friendly mobile applications. Blackberry, Nokia and other manufacturers followed with their own apps and corresponding devices, which in the meantime have captured the mass market with larger displays, faster data transfer and low flat-rate tariffs.

According to the US market research company Gartner, by 2013, smartphones will overtake the PC as the main access route to the internet. To correspond with this, the look of websites will also change, because the pages will have to be tailored more to fit the needs of smaller, mobile screens. Gartner predicts that those that do not follow this trend will be at a competitive disadvantage.

Many European banks have already recognised that mobile applications are developing into an important distribution channel, alongside the branches, call centers and homepages of financial institutions. However, the findings of a survey by Forrester Research show that customers cannot do a great deal more than check their balance and find the closest ATM with the solutions currently available from European financial institutions. High demand is seen for mobile apps that can provide brokerage, statistics, customer consultation and sales functionalities.

The Way to the Social Networks

The second megatrend that companies must currently address is the social web. Forums, blogs and social communities were long regarded as "special-interest" communication channels for technology buffs and teenagers. However, in the wake of the financial crisis, consumers are calling for more transparency and information, and these tools are increasingly becoming a focus of corporate communication.

Internet users no longer want to just consume, they want to play an active role. They write in forums and blogs, comment on other user contributions and communicate with each other in social networks, such as YouTube or Twitter. This content increasingly influences the formation of opinions, and personal decisions regarding whether or not to buy, as products and news from a company are not only positively or neutrally described, and criticism spreads quickly on the web. As two recent studies conducted in Great Britain and Germany show, more and more bank customers search web portals and comparison sites before they talk to their banking advisor.

Companies are therefore not only faced with the necessity of tracking these channels, but must actively address the interests of the customer and adapt their marketing activity accordingly. The study "Branchenkompass 2009: Kreditinstitut" ("Business Compass 2009: Financial Institutions") from Steria Mummert consulting, carried out in cooperation with the F.A.Z. Institut, found that about two-thirds of financial institutions want to invest in customer communication through social networks in the next three years. Web 2.0 concepts are also being considered, where products and conditions can be interactively

shaped. Customer wishes can be recognised and addressed much more quickly through direct user feedback. The introduction of online banking functionalities in social media platforms is also an option for banks, according to the Branchenkompass. With such platforms, internet users could get access to their personal account and financial management via portals such as Facebook. Two-thirds of



those questioned do believe however, that real branches will not disappear, they see Web 2.0 applications as a useful complementary service to personal customer consultation through an advisor.

Forrester Research discovered that although 79 per cent of financial service providers have taken their first steps in the social web, they have not yet served it effectively. Regulatory hurdles, security concerns, and above all, a lack of experience are the main reasons that many businesses have not gone beyond twittering company news. Forrester advises the institutions to be much more active in this area, and refers to a two year old study in which just a third of those asked said that they saw no future market for mobile applications. In the social web area, financial institutions may want to follow the "early adopters" and invest sooner rather than later in features such as forums, blogs and communities. Further activities might include delivering account notifications on networking websites, holding chats with customers and offering virtual prizes to service users. Additional added value can be provided by those mobile market information applications that significantly increase customer loyalty to the institution, in particular when they are also linked with social media channels. ◀

INFO:

- Steria Mummert Consulting: „Branchenkompass 2009: Kreditinstitute“ („Business Compass 2009: Financial Institutions“)
- Gartner report „Gartner’s Top Predictions for IT Organizations and Users, 2010 and Beyond: A New Balance“, January 2010
- Forrester: „The State of Mobile Banking in Europe“, April 2010, and „Social Media Marketing For Financial Services“
- „Brits dump professional finance advice for comparison sites – YouGov“ [Finextra, March 2010]
- GfK, Google, DB Research: „Mehrheit der Bankkunden recherchiert online“, September 2010 („Majority of Bank Customers Search Online“)

Interview with Michael Diefenthaler, Interactive Data

“Banks Have to Approach the Customer, Not the Other Way Round”

Mr Diefenthaler, everyone is talking about mobile solutions and social media at the moment. What do you think that the impact of these trends will be on the banking industry?

The new channels are creating new target groups and call for new approaches, both in sales and investment advice. I believe customer targeting will change dramatically in the new channels, and this radical change has already started. Many financial institutions have already reacted in the area of mobile solutions, and are now offering their customers information and online banking functionalities for when they are on the road. The possibilities here are still a long way off from being fully utilized.

What are the customer demands of smartphone applications?

Smartphone solutions have to provide added benefits. Unstructured data and market news are now available everywhere, and are no longer perceived as adding value, but the possibility of managing a model portfolio when on the move is. I feel the most important thing is a personally configurable area. It supplies the user with information relevant to them, provides the appropriate context, and automatically notifies the user of news. In addition, you can enter your own notes and evaluations. In my opinion, such an application will soon become an essential daily companion.

What needs do you see in the field of social networks? The use of platforms like Facebook, XING and Twitter is booming.

I see customer communication at least partly shifting into the social networks. This presents some interesting opportunities; on the one hand with customer loyalty, and on the other when addressing new target groups.





Michael Diefenthaeler
 In his role as Head of Business Solutions, Interactive Data Managed Solutions, Michael Diefenthaeler is globally responsible for Product Management and Consulting, interconnecting market trends, customer needs and product development.

I think businesses should however ensure that they do not represent themselves on these platforms with pure advertising messages, which don't work in this environment. Social networks are interactive; users want to exchange ideas and information, both with one another and with companies. This could, for example, take place within the context of a competition such as the "Boersen-Orakel" on Facebook, where you can compare your own results with those of the community. Existing customers will enjoy making use of the ability to control their own personal area, without having to leave the network. Here, widgets provide the possibility of direct access.

What do banks and financial service providers that want to implement successful multi-channel strategies need to consider?

I believe the bank has to approach the customer, not the other way round. The financial websites will not be the sole focus of their market presence for much longer. They will be just one of many channels that serve it intelligently. Putting a strategy like this into practice often seems to be too complex to a lot of companies, as the synchronization of large quantities of data and many channels is both complex technologically and ties up expensive company resources. The result of this has been isolated solutions, which are insufficiently integrated into banking operations and offer the user little in the way of added value. Single, independent channels without feedback result in the user going nowhere.

In a sophisticated multi-channel strategy, the individual channels work together and form an integrated whole. Financial institutions can follow their users, increase customer loyalty and conduct investment advice much more efficiently.

How can these technological hurdles be overcome?

In order to develop and operate fully synchronized channels, a solid foundation that can consolidate large amounts of information, and always be technologically up to date is necessary. Our market data platform is one such information hub that collects, processes, and delivers consistent data in customized solutions to different devices.

In addition, there is innovative technology in front-end programming. JavaScript, Flash and AJAX reduce complex workarounds and through this help to save time. We are also seeing new developments like HTML5 which includes new web techniques and is considered to be the upcoming standard to replace aging HTML versions and meet the demands of the much discussed "Web 2.0". The standardization will

be driven by WHATWG (Web Hypertext Application Technology Working Group), in which all major browser creators are participating.

The screenshot shows the 'Boersen-Orakel' widget on Facebook. It features a header with the OnVista logo and navigation tabs for 'Tippen', 'Statistik', 'Preise & Spielregeln', and 'Freunde einladen'. The main content area is titled 'Tippen Sie die Schlusskurse' and includes instructions for predicting closing prices for DAX, EUR/USD, and Rohöl (WTI). Below this, there are three columns of data for each asset class, showing current prices, percentage changes, and 'Ihr Tipp' (your prediction) fields. At the bottom, there are tables for 'Bei welchem Stand wird heute der Schlusskurs* sein?' and 'Ihr Score'.

Asset Class	Current Price	% Change	Ihr Tipp
DAX	6,242.00	-0.01%	6,242.00
EUR/USD	1,3414	+0.05%	1,3414
Rohöl (WTI)	75,31 USD	+3.29%	75,31

OnVista Stock Exchange Oracle: Predict the Closing Prices and Win

The "Boersen-Orakel" (Stock Exchange Oracle), which was specially designed for OnVista, has extended the Facebook presence of the most visited German finance portal.

At <http://apps.facebook.com/onvista>, Facebook users can predict the closing prices for the DAX, the dollar and crude oil, and win prizes daily. Interactive Data was responsible for the design and development of the competition and operates the service on its systems.

Predictions can be made on trading days until 12pm CET. The judging criteria is the difference between the prediction made and the last price at 5.30pm CET. A chart shows the best results from the previous day, so that users can compare their performance with each other.

<http://apps.facebook.com/onvista>



Successful Multi-Channel Strategies

One Technology for All Channels

Banks and financial institutions have not, for the most part, been heavily involved in the rapidly growing trend towards the use of mobile devices. These institutions do invest in customer communication through social networks, but they seem to have been cautious when it comes to providing smartphone applications, especially in the non- and near-banking sector. This includes financial information such as share prices and news, as well as portfolio reporting, portfolio management and other financial planning tools. The findings of a study by the ProcessLab at the Frankfurt School of Finance & Management, Germany, and the Business Process Management Research Group of the Queensland University of Technology in Brisbane, Australia show that in the world's 50 largest banks, 75 percent of applications are for traditional online banking, with only 21 percent for non-banking and 4 percent for near-banking respectively.

Compatible: Solutions for Mobiles, Tablet Computers and Social Media

Mobile solutions that provide investors and wealth managers with real added value when they are on the move play a vital role in a sophisticated multi-channel strategy. Users want a quick overview of price information, news and market summaries. They want to be kept informed about financial market developments, as and when they happen, so they can react quickly.

Companies that are using a customized financial information portal or terminal from Interactive Data can now provide their employees and customers with a mobile solution. This solution offers the same range of real-time quotes, master data, charts, business news and market overviews as the "large" applications, as well as the same personal configuration options and can be operated without further training. Portfolios and watchlists can also be managed whilst on the move, whether current value, weight, performance of individual positions or entire portfolio. Everything can be monitored and updated in real-time.

A further, important channel that will be served in the future is tablet computers. With these a whole new medium has emerged which is seen as having tremendous potential in customer service and sales support. Thanks to high-resolution displays, the advisor and client can look at content together much more comfortably than when switching between different applications and sources on a laptop. Customer presentations are possible with relatively little preparation time, as the tablet is ready at the touch of a button and can be directly attached to a projector. Should the prevalence and acceptance of tablets develop in a similar manner to the smartphone, they could become the ideal instrument for the presentation of holistic solutions due to their innovative visualization and networking functions.

Along with appropriate solutions for smartphone and tablet use, companies require so-called widgets for their multi-channel strategy. These small programmes can, for example, integrate with social networks like Facebook and Twitter or with personal homepages, and offer direct added value through information or entertainment, something that does not happen with advertising banners. Business can therefore connect with their customers in an intelligent manner, in a place where they are anyway.

A Consolidated Technological Basis is Key

The technological basis of these applications, which can be programmed for all popular end devices and operating systems, is Interactive Data's consolidated market platform. It provides fragmented content to build interactive interfaces with rich internet technologies like JavaScript, Flash and AJAX. The applica-



Name	Latest	Change %	Change	Value Current	Gain/Loss%	Gain/Loss	Price Buy	#Shares	Weight%
BAYERISCHE MOTOR... <small>14.01.2009 14:33</small>	30,48	+3,15%	+0,93	1.524,00	+18,23%	+235,00	25,78	50	3,45%
BRENT CRUDE OIL <small>14.01.2009 14:33</small>	71,93	-0,27%	-0,03	7.193,00	+3,95%	+273,00	69,20	100	16,30%
GOLD <small>14.01.2009 14:33</small>	1.086,70	+0,09%	+1,00	10.867,00	+0,08%	+904,30	996,27	10	24,63%
MUENCHENER RUECK... <small>14.01.2009 14:33</small>	108,80	-0,27%	-0,30	16.320,00	-0,07%	-117,50	112,25	150	36,98%
SILVER <small>14.01.2009 14:33</small>	16,45	+0,03%	+0,01	8.225,00	-0,05%	-45,30	16,56	500	18,64%
Market Value				44.129,00	+27,52%	+839,80			100,00%



tions, specifically designed for customers, are optimized for small-screen and touch-screen navigation, and can be easily integrated into existing system landscapes. These applications are fully consistent with the corresponding portal or terminal solution, and offer the full benefits of synchronization. Data and functionality are identical in every channel. All changes and personal settings are applied via a back channel in the system, and are then automatically available in the other channel. ◀

FTD Markets: From Mobile Internet to the World of Apps

In 2008 the Financial Times Deutschland (FTD) successfully launched its financial information portal Markets, which was developed by Interactive Data. In spring 2009 the mobile version of Markets was introduced.

Compass spoke with Holger Fischbuch, Head of Electronic Media at G+J Wirtschaftsmedien GmbH & Co. KG about the experiences with the new mobile channel and FTD's "One Brand – All Media" strategy.

- ▶ In spring 2009 the mobile version of the successful FTD financial portal was launched. How would you sum up the first year and a half?



Markets Mobil was launched in the middle of the financial and economic crisis, a time in which the availability of prompt information as to what was happening in the markets when you were on the move had even greater significance than usual. Our users' feedback on the service was very positive in relation to this need. In the meantime, we have not only been able to keep use of the service at these crisis-driven levels, we have actually managed to increase it.

- ▶ Which functions have the most mobile usage and what is the highlight for the user?

The highest level of use is experienced on the classic Markets Mobil homepage, as this page is designed so that the most important information about market activity is available at a glance. This includes, amongst other things, a price chart which can be switched to the most important indices without having to completely reload the mobile page. An important highlight is provided by the customizable My:Markets field, in which the user can configure their own personal mobile homepage, including portfolios, according to their taste so that time-efficient use of the service is made possible.

- ▶ markets:mobil is a building block of the FTD multi-channel strategy. How would you describe your experiences with it so far?

Within the framework of the "One Brand – all Media" strategy of FTD, the mobile channel is of particular importance. This is because our target group of business decision-makers are on the move more than most people and do not want to miss out on any of the information that they would usually have. With the iPhone and in the future, the iPad, further platforms are available on which we have already transferred or will transfer our experience and applications from the classic mobile internet world and the apps world. Our Markets Mobil service has therefore been an important foundation for further activities and will continue to be so in the future.

markets
Suche | FTD-Mobil
Seite aktualisieren

AKTIEN MY:MARKETS alle Rubriken

CHARTS

NaN +NaN [+NaN%]

09:00 13:58

Details

DAX30
MDAX
TecDAX
Euro STOXX
Dow Jones
NIKKEI
EUR/USD
BRENT

6.300,0
6.287,5
6.275,0
6.262,5
6.250,0
6.237,5

MARKTBERICHTE

DAX & Stoxx am Mittag
DAX knickt auf Weg zu Jahreshoch ein

MDAX & TecDAX am Mittag
Nebenwerte übertreffen Leitindizes

Kolumne
Zeise - Warum keiner der Koalition vertraut

1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10

FIRMEN DES TAGES

Apple Google Lufthansa **Deutsche Bank** Siemens
Deutsche Telekom RWE MAN Sony Hewlett-Packard

KURSOBERBLICK

Name	Wert	Perf.%
DAX PERFORMAN...	6.274,07	-0,03%
MDAX PERFORMA...	8.839,08	+0,22%
TECDAX PERFOR...	780,98	+0,30%
ESTX 50 INDEX...	2.771,85	-0,11%
FTSE 100 INDE...	NaN	+NaN%
DOW JONES IND...	10.858,14	+0,43%
NIKKEI 225 ST...	NaN	+NaN%
S&P 500 INDEX	9.559,98	+0,67%
EURO / US DOL...	1.147,70	+0,49%
EURO / BRITIS...	1,36	+0,29%
BRENT CRUDE O...	0,86	+0,39%
GOLD / US DOL...	78,94	+1,00%
	1.309,80	+0,02%

mehr Aktien | Devisen | Rohstoffe

TOPS & FLOPS

DAX30 | TecDAX | Euro STOXX | Dow Jones
Zeitraum: 4 Wochen

Tops

Name	Wert	Perf.%
BAYERISCHE MO...	50,87	+21,34%
DAIMLER AG NA...	46,23	+20,37%
MAN SE INHABE...	80,75	+17,88%
METRO AG STAM...	47,50	+17,40%
ADIDAS AG INH...	46,28	+15,57%

Flops

Name	Wert	Perf.%
DEUTSCHE BANK...	40,25	-11,79%
MERCK KGAA IN...	62,39	-9,58%
RWE AG INHABE...	50,16	-4,29%
COMMERZBANK A...	6,09	-2,87%
DEUTSCHE TELE...	10,14	-2,55%

WÄHRUNGSRECHNER

Ausgangswährung:
EUR (Euro) ▼

Betrag:
1

Zielwährung:
USD (US Dollar) ▼

Umrechnen



Consistent Data

One Market Data Platform – One Data Model

Multi-channel strategies only generate real added value for financial services providers when consistent data and services are available for the different applications and channels, and there are no system breaks. When this is the case, market data costs can be reduced, customer service improved and the investment advisor’s job simplified. The customer can be reached by the advisor through all end devices and applications, and the investor can, for example, service their watchlists or monitor the performance of their portfolios from anywhere.

The basis for the uniform supply to all channels of consistent market data and services is a powerful service management platform. The market data platform from Interactive Data has the ability to gather, harmonize and save structured and unstructured data from different sources, and deliver it consistently in various formats through different channels. The platform collects information from over 800 different sources, including market quotes, contributors data, master data, indices, news, macro-economic data and research. The customers’ own structured and unstructured information can be seamlessly integrated. The data is distributed in the form of files, feeds or via API directly to different types of applications and channels, in real-time, at the end-of-day or with a delay.

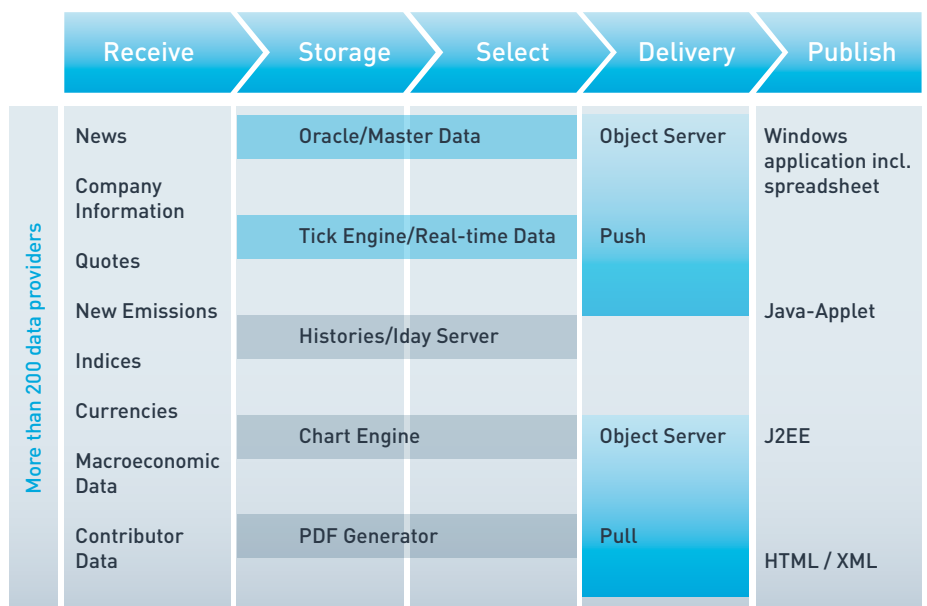
Market data is integrated into Interactive Data’s platform via a standardized data model, which is designed to allow for consistent processing across Interactive Data’s system. It is therefore possible to search across different sources and to combine different kinds of data, no matter what source it originates from, market data is comparable, systematically evaluable, and can be used in many applications - from market data terminals to trading applications.

The architecture of Interactive Data’s market data platform is based on a logical separation of application and content. This separation reduces the necessary source code significantly, makes it possible to develop applications more quickly and to manage them more easily, independent of the chosen programming language and operating system platform on the user side.

The architecture is also designed to ensure that consistent data can be delivered into different applications and channels. The market data platform from Interactive Data offers a high level of technological availability and performance. It is based on an innovative technological concept called a software as a service (SaaS) cloud, which the customer can access easily via the internet. The hosting services from Interactive Data include data collection, storage and delivery, as well as the provision and maintenance of the technical infrastructure operating business-critical customer applications. ◀

Did you know that Interactive Data’s market data platform...

- ▶ **Handles around 120 million price requests per day**
- ▶ **Includes data on about 8 million different instruments**
- ▶ **Manages more than 8 million different investor portfolios**
- ▶ **Calculates more than 1700 different performance indicators in real-time**





Interview with Brett King

“Social Media for Banking Is About Listening”

Brett King is the author of the bestselling book on the future of banking entitled “Bank 2.0”. He is a prolific blogger with Huffington Post, FinExtra, Internet Evolution and his own blog, Banking4Tomorrow.com

compass spoke with Brett King about the role social media will play for banks in the future and what financial institutions can do to benefit from these new technologies.

Is Social Media just hype or a future trend to be reckoned with?

With 500 million Facebook users how could anyone in their right mind believe that social media is going to suddenly disappear as a fad passing in the night? The fact is, the only question that remains is how to make money through social media, not if it is an essential part of our future. Remember with the dot-com phenomenon the same questions were asked, and many claimed it was a fad, but Google, Amazon, Yahoo, eBay and quite a few other so-called dot-coms are amongst the biggest companies of today. So not only is Social Media not a fad or hype, it should just be a basic element of business today.

How can the financial industry adjust itself to the new customer generation, with its demands for transparency and communication on a par? And at the same time fulfill regulatory requirements and confidentiality obligation?

There is a perception that demands for transparency with Gen Y and Millennials/Digital Natives is bad for banks, but on the contrary it actually pushes banks to be more compliant with both regulations and to better meet the needs of customers. The fact is, today banks have significantly lost consumer trust and confidence as a result of the global financial crisis, so they need to be honest, open and responsive to customer needs to shift that negative perception. The role of the regulator is to protect consumers and to protect shareholders, so I just don't understand how transparency can be a bad thing or in conflict with regulatory goals – I see it as complementary, and inevitable.

The banks of the future that succeed will be those with an unyielding focus on customer excellence, and not those that are simply reaping profits from innovative financial instruments twice removed from the investor.

Which social media channel is best suited for which target group, and which applications are sought after most by users?

The main social media channels today are obviously Facebook, Twitter, MySpace (although this is in decline) GeoLocation services (4sq, Gowalla, etc.) and business networks like LinkedIn. In some geographies, like India and China, other social networks like Orkut, 51.com, QQ, etc are dominant. The fact is that no one channel holds all the secrets to social media success. Banks often say “We've got a Facebook

page so our social media strategy is all good!”. This is like saying, I have a picture of a car, so now all my transport needs are resolved! The key issue is what do banks need to be doing on social media.

Social media for banking is about listening and responding to the customer. It is not a traditional marketing channel, it is not about PR and press releases, and it is not about just young people at university. In fact, according to Pingdom the highest percentage of users by age group are in the 35-44 age bracket so that means the banks most attractive business and retail customers are already using social media. Banks need to start by putting in place a social media listening post to respond to acute customer needs and concerns. In this way, banks can retain unhappy customers by turning around poor service issues or touch points.

How can personal advice, mobile and social media be wisely interconnected?

Over the next 3-5 years the mobile will quickly become the dominant day-to-day banking channel. For banks the ability to be always connected to customers and provide advice all the time, not just waiting for a customer to walk into a branch or pick up a phone will soon be a differentiator. Social media is not critical for day-to-day contact, but we do know that often when a customer receives bad service the



Brett King

Brett King is author of the book „Bank 2.0” and a prolific blogger on the influence of customer behaviour and technology on financial services



first thing they do is tell their friends. The problem with this is that customers today are more likely to ask their friends through social media circles about your brand or bank than they are to listen to your advertising. No amount of brand advertising can make up for bad customer reviews in the social media space, so you need to ensure that if a customer is unhappy that you address it very quickly in the social media landscape.

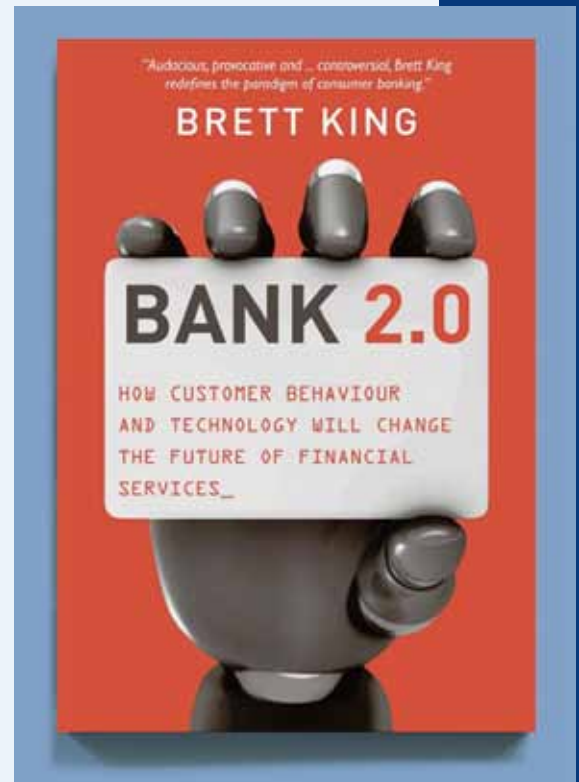
The other thing will be about continuity of advice. Say a customer walks into a branch and meets with a relationship manager about his investment portfolio and makes some changes to his asset allocation. The first thing the bank should do is send the updated asset allocation to the customer's handset. If a customer walks into a branch or phones up regarding a new credit card, mortgage or similar, the next thing he sees when he logs in via his mobile phone or web browser, should be information about that product he's interested in. There should not be barriers between channels – they are all just customer support mechanisms – however, today the silos prevent serious focus on the customer.

What could the bank of the future look like and what role could technology play?

There are really two parts to this question. Obviously there is the whole multi-channel environment. Increasingly transactions, simple product applications and customer interactions will move to so-called digital channels. Why? Customers tend toward simplicity – this is why Google and Apple have been so successful. The fact is that we often think of 'convenience' as a key driver in the choice of where we locate our branches in retail banking, but today the branch is simply not the most convenient channel – driving to the bank, finding a parking spot, etc. versus tapping a few buttons on our laptop or mobile is a no-brainer. The only differentiation for the branch is the person – the answers and service you should get there should be better than self-service or digital channels. Often, however, service disappoints. So this brings me to part two.

Today the branch is primarily about transactions, but banks are trying to shift toward a better sales environment. In fact, banks don't want transaction activity in branches – it costs money, the activity in a branch doesn't lead to the cross-sell and up-sell opportunities we expected, the branch real-estate is getting increasingly expensive, and the frequency of visit to the branch for the average customer is decreasing. All of this means when we eventually do get a customer into the branch we have to be really, really good at anticipating his or her needs and serving those needs. That means a few things need to change:

- a. The staff at the branch needs to be much more skilled than a simple teller – the reality is we find it very difficult to train most tellers to cross-sell and up-sell.
- b. We need less bulletproof glass and cash drawers, and a much more inviting environment that is conducive to deeper discussions with customers – those types of discussions lead to more revenue – not the bulletproof glass. As a result we'll see some really interesting advances in branch design.
- c. There is a role for technology – the Relationship Manager or Customer Service Representative – no longer a teller – needs tools to anticipate the needs of the customer, or fast-track solution building. This means that in-branch systems need to be very visual, very usable and simple, and have predictive analytics and great offer/sales scripts to help promote better long-term revenue relationships with the customer. ◀



Bank 2.0

How customer behaviour and technology will change the future of financial services

by Brett King

400 pages, Marshall Cavendish Reference, July 2010

INFO:

- Blog: http://www.huffingtonpost.com/brett-king/the-5-stages-of-social-me_b_655429.html
- Blog: Transforming Branch <http://www.banking4tomorrow.com/?p=669>



About Interactive Data Corporation

Interactive Data Corporation is a trusted leader in financial information. Thousands of financial institutions and active traders, as well as hundreds of software and service providers, subscribe to our fixed income evaluations, reference data, real-time market data, trading infrastructure services, fixed income analytics, desktop solutions and web-based solutions. Interactive Data's offerings support clients around the world with mission-critical functions, including portfolio valuation, regulatory compliance, risk management, electronic trading and wealth management. Interactive Data is headquartered in Bedford, Massachusetts and has over 2,400 employees in offices worldwide.

For more information, please visit www.interactivedata.com

Limitations This document is provided for informational purposes only. The information contained in this document is subject to change without notice and does not constitute any form of warranty, representation, or undertaking. Nothing herein should in any way be deemed to alter the legal rights and obligations contained in agreements between Interactive Data Corporation and its clients relating to any products or services described herein. Nothing herein is intended to constitute legal, tax or other professional advice. Interactive Data Corporation makes no warranties whatsoever either express or implied, as to merchantability, fitness for a particular purpose, or any other matter. Without limiting the foregoing, Interactive Data Corporation makes no representation or warranty that any data or information (including, but not limited to, evaluations) supplied to or by it are complete or free from errors, omissions, or defects.

Frankfurt
Sandweg 94
60316 Frankfurt/Main
Germany
Tel: +49(0)69 505030 0
Fax: +49(0)69 505030 505

Helsinki
Merimiehenkatu 36 D
00150 Helsinki
Finland
Tel: +358(0)9 6860 6717
Fax: +358(0)9 6860 6710

London
Fitzroy House, 13-17 Epworth Street
London EC2A 4DL
United Kingdom
Tel: +44(0)20 7825 8000
Fax: +44(0)20 7825 7701

Madrid
C/ María de Molina 37
28006 Madrid
Spain
Tel: +34(91)7452 105
Fax: +34(91)7452 106

Milan
Via Mauro Macchi, 44
20124 Mailand
Italy
Tel: +39 02 671915 1
Fax: +39 02 671915 40

New York
100 William Street, 17th Floor
New York, NY 10038
United States of America
Tel: +1 212 269 6300
Fax: +1 212 771 6987

Paris
9, Rue de Téhéran
75008 Paris
France
Tel: +33(0)1 56 69 50 70
Fax: +33(0)1 56 69 50 79

Zurich
Loewenstrasse 2
8001 Zurich
Switzerland
Tel: +41(0)44 276 46 11
Fax: +41(0)44 276 46 01