

# Customer Relationship Management in the Financial Services Industry

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**ORACLE**  
PEOPLESOFT ENTERPRISE

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# Customer Relationship Management in the Financial Services Industry

## **MARKET OVERVIEW**

Increased competition, new technologies, and the shift in power from the provider to the customer have produced unrelenting pressure on financial services institutions. The once distinct lines separating the banking, insurance, and securities industries are quickly disappearing. The traditional geographic and product line barriers have been eroded by deregulation, technology, and new entrants. Instead of going to the bank branch or an insurance office, more customers visit the ATM, website, or even their mobile phone to conduct their financial activities. These business pressures are well established, but fundamental strategic challenges and obstacles to success still remain.

Customers, faced with a dizzying array of financial products and services, expect customized offerings, value, ease of access, and personalization from their providers. Today, customers are expecting even more individual attention, responsiveness, customization, and access yet are not necessarily willing to pay a premium for these services. High customer expectations and lower exit barriers threaten to increase customer attrition.

These market forces point to one overwhelming strategic imperative: customer-focused strategy. Customers are willing to build long-term relationships based on trust and mutual respect with firms that provide a differentiated and personalized service offering. Over the past few years, financial institutions responded to intensified competition and high customer attrition by entering each other's markets to capture greater "wallet share" and ostensibly lower their economies of scale. Forward-looking financial industry executives wanting to keep pace with the rapid changes are seeking to better understand, respond to, and anticipate the challenges of the new marketplace. To thrive, let alone survive in this shifting market, financial institutions must take their strategies one step further. To command premiums for new services and build a loyal customer following, financial institutions must achieve a multidimensional view of their customer base and deliver a legitimate branded promise that retains their most profitable customers. Unfortunately, fragmented customer data locked in legacy systems eludes successful execution of customer-focused strategies.

A customer-focused strategy requires CRM solutions that can access back office systems and translate operational data into actionable insights toward proactively serving customers. This white paper discusses the changing financial services industry and then outlines the way in which solutions like Oracle's PeopleSoft Enterprise customer relationship management (CRM) can help financial organizations build customer and channel loyalty, enhance customer relationships, and increase profitability and market share.

## **CHANGING COMPETITIVE LANDSCAPE**

Intensified competition and increased customer power have driven financial institutions to pursue a variety of new strategies, all of which are dependent on new ways of understanding and relating to customers. The unrelenting competitive forces of the last few years is only intensifying as financial institutions continue to expand their reach into new products, geographies, and customer segments. For example, in 1985 a North American small town typically had three banks. In 2006, that small town may have as many as 5,000 banking options due to new online channels and global competition (from Financial Services 2006—Delivery of Banking and Finance, Gartner Group, 26 October 2001). With the market for retail financial services suffering from over capacity and the growing competition from online providers, the industry standard of 10 percent to 15 percent growth in earnings per share is increasingly hard to achieve.

The simple fact remains that many firms will not survive. Only those that adapt to a new strategic imperative of customer-focused strategies stand a chance. Before elimination of the Glass-Steagall Act in 1999, insurance, banking and securities firm strategies were limited to serving markets in terms of their discrete products. Mega-merger consolidation has resulted in “financial services retailers” such as Wells Fargo and Norwest that eliminate product and geographic barriers. The fact that Prudential Insurance is now Prudential Financial and covers brokerage, banking, financial planning, and real estate services demonstrates the dramatic scope of this change. By managing multiple lines of business, these firms are striving for greater economies of scale in an effort to control costs and increase return on investment while at the same time drive market share through cross-selling opportunities and global expansion. This is not enough. Expansion without deep sophisticated customer intelligence can lead to unprofitable penetration of the wrong markets or the use of ineffective sales and service channels.

As a result, customer set rather than product or geography increasingly defines market strategy. It is a cold market reality that elimination of product and geographic barriers enforces a customer-focused strategy. Customer lifestyle, lifestage, net worth, and personal interests dictate the portfolio of products, channels, level of service, and technology infrastructure required. New technologies such as online financial services and banking through devices have created revenue opportunities but have also exacerbated the scale of complexity. To use banks as an example of industry-wide trends, a bank's business, historically,

tended to be locally concentrated. Bank managers made decisions based on personal contact and knowledge of the local business environment. The local bank or securities firm can now create online services with global reach, but must also compete with hundreds of other firms providing similar services.

Increasing competition, deregulation, and the internet have all contributed to the increase in customer power. Technology has reduced customer barriers to exit, making it easier to change banks or brokers without feeling the pinch in the wallet. Retaining customers and minimizing attrition are both major concerns for financial services institutions, and financial companies need to effectively leverage existing customer relationships and make better use of customer information across the enterprise. Customer intelligence translated into effective action is key.

### **USING CUSTOMER RELATIONSHIPS EFFECTIVELY FOR SUCCESS**

“Customer relationship focus” is not simply a marketing catch phrase. It is a strategic imperative. Financial institutions incapable of acting on insights from a multi-dimensional customer view risk rapid erosion of their customer base to competitors who can aggressively increase wallet share. True customer focus requires moving from a product-centric view of customers to a complete customer-centric view of all holdings, products, history, and relationships with other customers. Only such a multi-dimensional view enables firms to identify high-value customers and develop the appropriate action plans to resolve customer issues and cross sell other services. A complete transformation of business processes, customer intelligence, and policies is necessary for a multi-dimensional view of the customer.

The full integration of these systems and their associated business processes forms the basis for customer relationship management or CRM. A CRM system links together the disparate customer data residing in transactional legacy systems as well as ERP systems into a single, complete view of the customer. The goal of CRM is to enable companies to maximize the profitability of every customer relationship.

While many financial service providers segment customers to support product-focused initiatives, very few segment their customers by the profitability potential of life stage events. While all financial institutions segment their customer, most do not use the life-stage event approach which necessarily yields a greater competitive advantage (from Align Financial Services Analytics to Capture Wallet Share, GartnerGroup, 29 October 2001). Segmentation by life stage event, lets financial institutions sell to and support customers throughout a life-long relationship. Only by understanding lifetime value over the course of a customer’s relationship can financial institutions proactively manage the long-term relationship with their customers. Predictive modeling must be made actionable during the customer interactions in order to yield the greatest returns.

CRM investments in the financial services industry have increased operating efficiencies and customer intelligence, but much more must be done to translate this intelligence into increased revenue and profitability. Firms need more than the

ability to handle customer service calls. Success requires a comprehensive CRM strategy—an integrated solution that involves every department in the company. This includes not only call centers but also sales, marketing, and support working as a team to share information. Combine this knowledge with analytical intelligence to create a complete, multi-dimensional view of the customer. As a result, financial institutions can generate more successful strategies by providing a complete customer view to anyone in the company with appropriate security permission. This view can lead to many strategic benefits

- **Increase Profitability:** Effective customer segmentation is only possible through a multi-dimensional customer view. Research shows that companies can increase profitability by 100 percent if they can just retain 5 percent more of their profitable customers per year. Progress is being made. For example, 95 percent of banks use customer profitability in making fee waiver decisions which helps reduce attrition from profitable customers (from Align Financial Services Analytics to Capture Wallet Share, GartnerGroup, 29 October 2001). To take these programs to the next level, financial institutions must proactively reach out to profitable customers before they consider switching.
- **Decrease Operating Costs:** For example, according to a large United States insurance company, 70 percent of its incoming calls are from insurance agents wanting information about its customers. This is a non-revenue generating activity. CRM helps financial services institutions reduce these non-revenue generating activities by enabling agents to access customer information over the web via a browser. Furthermore, cost centers can be turned into revenue centers. By the year 2003, more than 80 percent of all banks in the United States will develop their call centers as alternative delivery channels and revenue centers (from The Role of a Bank Contact Center: Still a Moving Target, GartnerGroup, 1 August 2000).
- **Increased Customer Loyalty:** An even greater percentage of customers expect to access and update account information online. Internet self-service reduces support costs by reducing call center volume. It can improve the customer experience by providing ready access to relevant information. When designed correctly it can also lead to effective cross selling and increased customer intelligence. Customers expect to see a view of all of their account information, which requires the financial institution to provide a multi-dimensional view.
- **Improved Customer Satisfaction:** Customers expect that every conversation be referenced against all previous contacts and channels, whether through phone or fax or a web-based interaction. A customer should be able to initiate contact with the organization through one channel, such as the internet, and then complete the interaction through another, like the call center, with seamless transfer of information between the different underlying technologies.

- **Increase Productivity:** Lack of a multi-dimensional customer view often leads to redundant data entry, conflicting information, and poor service. For example, insurance customers are often asked to repeat the same information to several different claims management personnel. This extends the life of the open claim, increases operating costs and helps foster the perception that insurance companies are eager to collect premium payments from customers but are not as interested in assisting customers when it comes to paying out a claim. Such duplicative information flows are not just limited to insurance companies, but occur in all types of financial services institutions and lead to lower productivity and customer satisfaction.
- **Increase Wallet Share:** Without a multi-dimensional view of each customer, financial institutions cannot develop effective strategies for increasing share of wallet. For example, a high value customer, Robert Smith, may have checking and credit card accounts with a financial institution but not have an auto loan, mortgage, or brokerage account. To sell Mr. Smith additional services, the financial institution needs a full view of his product holdings. This includes not only account holdings throughout the institution, but also what he has or is likely to have in other institutions. By integrating demographic profiling tools and third party data into the CRM system, institutions can build an accurate view of the typical holdings of customers in specific demographic segments. Such profiles provide an invaluable competitive edge for gaining wallet share in the customer base.
- **Increase Household Share:** Wallet share applies to entire households. Lastly, firms must also understand the relationships that customers have with their intermediaries, other customers, and potential customers. For instance, a major bank denied an automobile loan request from a young customer because of a lack of acceptable credit history. Unfortunately, this person was the son of one of the bank's most profitable private banking customers. Since this important connection was not documented, the bank lost money. A CRM system helps links meaningful information between customers.

The key to developing a multi-dimensional view is by understanding the overall relationship the organization has with the customer. This can be accomplished with the aid of a CRM solution that is easy to use and that accurately tracks all aspects of the relationship so that the customer receives a consistent experience no matter which interaction method he or she chooses. The challenge for any CRM solution is to identify and serve the customers who create shareholder value. Having an integrated view of customer profitability, acquisition costs, management costs, and lifetime value provides this valuable information. The aim is to define an appropriate positioning strategy and build competitive advantage by targeting appropriate customers with appropriate products at the points in their economic cycles when they would be most receptive.

## FRAGMENTED DATA AND LEGACY SYSTEM ISSUES

Retaining customers who represent the highest lifetime value and profitability requires leveraging the firm's greatest asset, knowledge of the customer.

Unfortunately, this key competitive advantage is often locked away in separate product and support systems. Two technical barriers exist: 1) proprietary client server architectures and 2) disparate product and support systems. For example, financial institutions develop customer relationships across a broad spectrum of touch points—branches, kiosks, ATMs, internet, electronic banking, smart cards, call centers, and phones. Each touch point is supported by separate lead generation, sales process automation, and customer service management systems. These systems often use distinctly proprietary client applications which must be loaded and managed on each and every PC, laptop, or other access device. Only by integrating back end systems and providing the results on an open-systems internet architecture, can institutions access their customer intelligence.

The lack of a complete multi-dimensional customer view prevents financial institutions from delivering service or targeting sales strategies based on their real value. For example, if a premium customer with many accounts identifies himself to the financial institution using an account number with a low balance, the institution risks applying policies and service levels lower than what he expects. As a result, the institution may lose this premium customer. For a CRM system to be genuinely customer-focused, it must provide a multi-dimensional view regardless of the touch-point, product, or support system initiated by a customer. Multiple entry points and products must lead to a single multi-dimensional view. Despite some progress in connecting legacy systems, the presence of incomplete, fragmented, and unstructured customer data across proprietary information architectures haunts financial institutions as they embark on customer-focused strategies.

- **Fragmented Information:** The lack of integration between CRM, legacy systems, and enterprise management systems prevents a multi-dimensional view of a customer and impedes customer-focused strategies. Customer management issues are exacerbated by many disconnected systems with no central location to capture accumulated customer data generated every day—from static data (e.g., names and addresses) to summarized transactional data (e.g., interactions, callbacks, and sales).
- **Incomplete Information:** Operational systems that record customer orders and manage payments have little or no customer profile information that allows for meaningful segmentation let alone identifying relationships with other customers. This is especially true of household information, where the existence of incomplete profiles and relationship information impede the ability to associate people who reside at the same address.
- **Unstructured Customer Data:** Historical data is frequently not actionable because it is collected from legacy systems with no standard format or structure. If a marketer wants to execute a direct mail campaign aimed at all

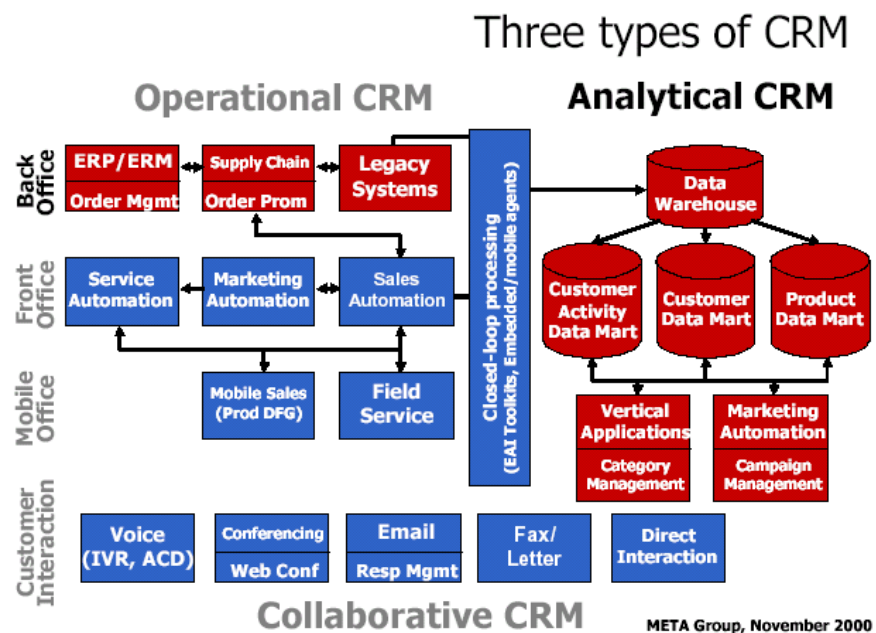
CEOs in the database, the system needs to record customer profiles in a structured format.

Financial institutions must integrate front end systems into single logical repositories that salespeople, contact center agents, and marketing and support personnel can all use. This can be achieved only if the front-end system that interacts with the customer—call centers, internet, and branch—also interacts with the back end—the billing, statements, and other account information. One of the greatest impediments to such integration is a poor application architecture. Enterprise applications that utilize an internet architecture allow for rapid and flexible deployment on any range of devices and computers. Any customer-focused strategy must include a plan to integrate and leverage the most critical elements across all of these systems. The next section examines exactly how these integrated systems can yield better performance, and profitable market strategies.

### COLLABORATIVE ENTERPRISE—TURNING CUSTOMER DATA INTO PROFITABLE ACTIONS

We have established that customer focused strategy requires a multi-dimensional view of the customer. Only CRM systems that are integrated across legacy systems as well as financial management, human resources management, and enterprise performance management systems, provide such valuable intelligence. By examining the collaborative enterprise, the linkage of analytic and operational data, we can demonstrate specifically how a multi-dimensional customer view can meet business strategies and generate greater profits.

In the 1990s, CRM software focused on serving and selling to customers. These operational CRM systems gathered valuable transactional intelligence. An operational CRM system gathers data from customer interactions such as service calls, sales transactions, and website activity. (see Figure 1). Similarly, analytic CRM solutions were separately introduced to glean intelligence from specific product lines.



Historically, operational and analytic systems have not operated in a coordinated fashion. The separation of operational and analytic systems has prevented many firms from 1) gaining valuable insights from operational data, and 2) creating actionable programs using those insights. The next evolution of CRM, called the collaborative enterprise, combines operational and analytic CRM with more versatile analytics software to get a true 360-degree view of the customer. This approach lets firms act upon their insights. The necessity and power of such a coordinated approach is evident in several scenarios:

- **Executive-Level Business Intelligence:** Too much information simply becomes overwhelming chaos if it is not thoughtfully displayed and analyzed in terms of key performance indicators, benchmarking and predictive tools that cover sales management, customer support metrics, and market campaign success. Ideally, actionable data should be displayed in a portal structure where executives have quick access to the essentials and can drill down into key details.
- **Life Cycle Analysis:** Analytical CRM applications can correlate and report on information like the customer's past, present, and future revenue (drawn from one database) with customer satisfaction levels (drawn from another database). Companies can evaluate the customer data for patterns that can help craft marketing campaigns and build targeted sales pitches. For example, Oracle's PeopleSoft Enterprise Customer Behavior Modeling solution helps financial services institutions identify which customers will most likely purchase products, which customer segments maximize your ROI, and which customers are at risk of attrition. Institutions can "score" the lifetime profitability of defined sets of customers using the context-sensitive business rules based on rich internal and external data. In this way, they gain key insights into the approaches needed to acquire and support customers leading to long-lasting, profitable relationships.
- **Appropriate Service Levels:** Information about the customer, such as profitability scores (from customer behavior modeling), can be displayed to anyone with appropriate access to the customer's profile (e.g., screen pops displayed to a telesales agent in a call center or to a customer relationship manager). This allows a company to create different service levels. Delivering excellent service to premium customers pays dividends in higher customer retention levels. Strong workflow capabilities are needed to route each potential lead to the most qualified financial analyst for immediate, personalized attention, thereby creating upsell and cross-selling opportunities. For example, when call agents contact customers to remind them of approaching renewal dates, they can suggest refinancing packages or college loans, depending on their knowledge of the customer.
- **Channel Optimization:** For premium customers, a company may want to offer live service or a personalized web page where customers can easily access their account balances and view their bank statements and investment

information. For less profitable customers, the company may opt for providing automated service only. Because a company's relationship with its customer is valued over a lifetime, organizations can use CRM analytics to migrate unprofitable customers to more profitable products or to less costly channels.

The accumulation of customer data into repositories is only the first step. By linking analytical intelligence and operational execution, firms can capture and keep more profitable customer segments. Solutions such as Oracle's PeopleSoft Enterprise CRM Analytics use the coordinated enterprise approach to transform that data into knowledge and insight that is essential for turning information into profitable actions.

### **ORACLE'S PEOPLESOFT ENTERPRISE DELIVERS THE STRATEGIC IMPERATIVE**

Oracle's PeopleSoft Enterprise CRM for Financial Services solidly addresses the transformation from a product-centric to a customer-centric world. By delivering a truly multi-dimensional customer view on a proven internet architecture, we provide a solution that overcomes traditional integration and access barriers between customers, partners, and employees. The collaborative enterprise can be made a reality by PeopleSoft Enterprise CRM for Financial Services.

### **Value of PeopleSoft Enterprise CRM for Financial Services**

CRM for Financial Services enables institutions to gain a complete understanding of their most valued customers across multiple touch-points, products, and support systems. This view provides insight into the true dollar value of each customer. Financial institutions can define and deliver service levels to premium customers, and move other customers to less costly channels. Using our customer behavior modeling, institutions can decide what customer traits to capture and analyze.

With workflow to support financial services business processes, such as complaint handling, PeopleSoft Enterprise CRM for Financial Services reduces the amount of time spent servicing customers. Web self-service reduces costly interactions and improves service quality by letting customers help themselves, anywhere, anytime. Customers can use the internet to select a product, open an account, get information, file a complaint, or perform internet banking transactions—dramatically reducing call center costs. Financial services institutions that are striving to “know, win, and keep” customers worldwide are turning to PeopleSoft Enterprise CRM for Financial Services for a strategic and competitive advantage

### **PeopleSoft Enterprise Internet Architecture**

Only CRM solutions built on a single proven internet architecture let financial services institutions flexibly develop a true universal, multi-dimensional customer view across all access points. Internet technology has enabled a new business model that integrates processes and connects customers, suppliers, and employees. Using

a web browser to access information and process transactions puts everyone in your financial services enterprise on the same page. The intuitive interface is familiar and requires less training. Such an architecture enables information to be accessed in a standardized way, allowing it to be combined and used across the financial services spectrum.

We have applications that have been designed specifically for a distributed, multiple database environment. Our applications are shipped with out-of-the-box integration, minimizing dependence on middleware, and dramatically reducing integration costs. eliminates heavy IT staffing costs required in a multi-vendor environment

Our proven internet architecture does exactly this. It makes all enterprise information available through a single browser-based interface. Unlike alternative providers, we has been successfully implementing its internet architecture for two years. While other software firms claim an internet architecture, a quick analysis reveals five or more separate architectures that require painfully configuration, implementation, and service.

Our internet architecture lets firms extend systems for more profitable relationships, optimize every interaction, improve productivity, lower costs, and drive profitability. The CRM for FSI system on the internet architecture is much easier to deploy and use, thereby reducing training and implementation costs while speeding time to market. Furthermore, with no code on the client, the architecture achieves lower total cost of ownership because it is specifically designed for a distributed, multiple database environment, is shipped with out-of-the-box integration, and minimizes dependence on middleware. These architectural advantages can save millions in deployment, training, and maintenance costs.

### **PeopleSoft Enterprise CRM Analytics**

PeopleSoft Enterprise CRM Analytics provides applications to enable enterprise-wide insight into the effectiveness of marketing, sales, and support activities. With it, financial institutions can answer the most important questions: Are marketing campaigns effectively drive responses, purchases, or customer satisfaction? Which customers generate the most revenue and which have the greatest lifecycle value? Which customers are most likely to purchase new products and who is at risk of attrition? Only analytical systems which access legacy and enterprise systems data can provide such accurate and rapid decision making.

### **PeopleSoft Enterprise Portal Solutions**

PeopleSoft Enterprise Portal Solutions takes analytics one step further by using portals to extend the power of strategic insight to key decision makers. Financial institutions can pull information in from across the enterprise to quickly view, analyze, and respond. Based on the Enterprise Portal solution, we offer several pre-built portals for different information views such as customer, employee, and partner.

The PeopleSoft Enterprise Portal provides a multi-dimensional customer view to support and sales staff, and provides account information and details to customers directly. It utilizes a personalized interface for all product, account, and service information, tailored to an individual's needs. It pulls in information from across the enterprise, and even links it to internal and external sources. Information is maintained and updated dynamically. The CRM Portal Pack is designed for quick deployment on the web, which optimizes self-service. This creates a single point of access to critical information, enabling managers to respond to market requirements for their areas of responsibility.

## **CONCLUSIONS**

There is no doubt that customer-focused strategies are essential to unlocking customer value and increasing retention. Gaining “wallet share” through effective marketing and cross-selling, together with an understanding of the drivers of customer profitability, can only be achieved through sophisticated CRM solutions with analytics.

As a result, financial service organizations have excellent reasons to adopt an enterprise-wide CRM strategy. As the financial services industry moves from a transaction-centric to a customer-centric business approach, effectively leveraging customer relationships becomes all the more critical. The financial needs of customers change throughout their lifetime, providing incentives for financial institutions to cultivate lifelong and profitable customer relationships. A customer's loyalty increases as the length and quality of the relationship increases.

To achieve this goal, a CRM system must integrate operational data from all customer touch points with powerful analytical applications. If used effectively and innovatively, this approach will enable a financial organization develop a strategy that delivers the most appropriate products and services to the customer.

PeopleSoft Enterprise CRM Financial Services provides this solution. It provides customers with the flexibility to easily automate and integrate business processes. Our customer data model provides complete customer information and shows all of a customer's relationships to people, products and services across the enterprise. It draws information from every customer touch point and consolidates into a 360-degree view of the customer. By expanding the visibility of customer relationships, Oracle's PeopleSoft Enterprise CRM for Financial Services enables institutions to gain a complete understanding of their most valued customers. As a result, financial institutions are able to prioritize products, services and resources to their key customers. This truly collaborative solution helps “know, win, and keep” customers worldwide.

## APPENDIX A

### Tips for CRM Success

- **Strategy first, technology second.** Business experts agree that CRM projects go off track when companies buy technology before they have their CRM business goals clearly in mind. The first step is to develop a strategy that addresses the needs of current and potential customers. Consider the lifecycle value of customers, taking into account different groups of customers, and which ones are likely to yield the highest returns over the long run. Then select the technology and vendors to help capture customer data and external sources, and consolidate the information to add intelligence to the overall CRM strategy. Iron out the organizational and people issues so that companies must overcome such issues before a systems that ties analysis and action can be fully effective. For example, marketing staffs and salespeople don't always communicate well, let alone share data. This is particularly true in the traditional insurance industry where independent brokers represent more than one company's insurance products. Marketing, sales, and service must work as a team and share information. In order to facilitate sharing information, the business users (not just management) must realize benefits to them before they adopt and advocate shared information via any software system.
- **Develop the right contact strategy.** By knowing which offers and incentives to offer to which customers and when, an organization won't over market to customers and it will build loyalty and retention. Such goals can be at least as important as realizing cross-sell opportunities.
- **Integrate, analyze, and refine data.** Using the derived knowledge of the customer, various strategies, such as one-to-one mass marketing, have the potential to enable improved business and financial planning. First, collect and consolidate customer-related data from the customer touch points, current accounts, non-account internal information, and external data sources. Next, integrate analysis across all customer touch points and from additional customer profiling data measuring customer profitability, customer segmentation, and customer retention. Finally, once knowledge is gained from data integration and analysis, refine and focus business processes and organizational structures based on improved customer understanding.
- **Change accounts into customers.** The traditional approach in many organizations has been to associate their customers with accounts—to the point of calling the account the customer and vice versa. Customers feel alienated when they are treated “like a number” instead of a person with personal needs and a history. A conventional account structure usually contains very little information and recommendations about the people, their needs, and relationships to other people and organizations in the marketplace. This limited view has arisen from a “product-centric” concept of running a

business where an account is the mechanism to determine which products are to be billed and when.

- **Build customer loyalty by offering excellent service.** In a competitive marketplace where price is not a differentiator, customers are easily lost through indifferent service. It can be as simple as not calling a customer back when promised, through to delivering an inferior product without prompt rectification. Investment in a CRM system that tracks customer interactions with the business and facilitates automating business processes (workflow management) will lead to service excellence, paying dividends in higher customer retention levels.
- **Improve profitability by matching channel cost to customer value.** Today, more than ever, it is important to identify the profitable customers of a company, and to retain and grow them. This will be achieved by regularly re-evaluating the profitability of all customers— typically done by intensive analysis of information in a data warehouse—and feeding back the revised profitability indices to business users of a CRM system. A practical outcome of this exercise can be priority call routing in call centers, where profitable customers get preferential treatment.
- **Streamline customer communications.** A CRM system can help identify situations where multiple bills or marketing materials are sent to the same physical location or postal address. This usually indicates that the systems performing these functions all contain their own sources of customer information. Consolidation of this information will reduce billing and marketing costs and enhance customer relationships by streamlining communications.
- **Provide security and privacy.** Customers' demands for security and privacy are increasing. Therefore, it is essential to develop an authentication mechanism that provides security and password protection. Developing a consumer household view rather than an account view is important, but consumer privacy demands that the CRM system enable household constituents to “opt-out” and not receive solicitations that other members may choose to subscribe to or “opt-in.”



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