

Making the Most of your Face Time with Retail Banking Customers

Take advantage of every interaction with your customers to more effectively cross-sell additional products and services, which will build customer loyalty and enhance your financial institution's profitability.

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Overview

Making every customer interaction count

It wasn't so long ago—certainly within the careers of many of today's bank executives—that banking industry success was based on one thing: branch convenience. As recently as the early 1970s, products and services were highly regulated. Interest rates were identical. Market areas were protected. Competition was controlled. All a bank needed to do in a branch banking state such as California was to keep opening offices in convenient locations, and customers would pour through the door. Essentially, if your bank built it, they would come—to paraphrase a well-known movie line.

Today, all that has changed. Financial institutions must confront numerous complex challenges in a dynamic marketplace. With regulations greatly relaxed, competitive pressures and economic uncertainty present meaningful obstacles to profitability for banks. Without a doubt, a strategically situated branch delivery system still offers a huge competitive advantage, and many customers continue to choose their bank because it has a branch close to where they live or work. But with online banking, ATMs, and self-service kiosks growing in popularity, most customers simply do not visit branches as frequently as they might have in the good old 1970's.

So when customers do come in—when that person walks up to a teller to handle some business, sits at the new accounts desk to explore your latest deposit or service offerings, or makes an appointment with a credit officer to look into a loan—it is critical that you make the customer experience efficient and satisfying for the customer, and productive and profitable for you.

How does one accomplish that? How do you position your financial institution and your people as indispensable? How do you provide exemplary customer service while you whet your customers' appetites for your latest products and services? Part of the answer is clear (and colorful), as you'll soon see.

Business Environment

Confronting ever more complex challenges

In the banking environment of the 21st century, financial institutions face an increasingly complex set of challenges.

In addition to combating ever more sophisticated schemes for fraud and misuse, in the wake of the 9/11 tragedy, it has never been more important for banks to identify customers with absolute certainty. The PATRIOT Act imposed significant new obligations on banks to know their customers and report any suspicious activity that might be connected with money laundering used to funnel funds to terrorists. Security regulations in the Bank Secrecy Act were also greatly strengthened. These measures have placed a greatly increased time and cost burden on financial institutions to properly identify customers and track any potentially questionable transactions.

At the same time, financial institutions still are buried under an avalanche of paperwork and beset by inefficient processes that can lengthen teller lines in their lobbies and at their drive-ins, extend waits at their new accounts desks, and increase archival and retrieval burdens and expenses. This partially explains the rapid rise in popularity of online banking and ATMs.

Chances are, you also recognize that to increase revenues and income and improve customer retention rates, you must do a much better job of cross-selling products and services. Before deregulation began in the 1970's, banks were order takers. Customers had nowhere else to go, so you could just wait for them to figure out they needed something. Now, financial institutions have to compete fiercely for business, just like other types of businesses.

Taking steps in the right direction

In recent years, most financial institutions have recognized these challenges and taken solid steps in resolving them.

For example, teller automation and "swipe-and-PIN" customer identification systems have not only improved the positive identification of customers, but have also helped simplify and streamline teller tasks, speed up lines, and assist in dispute resolution. Instead of having to show a driver's license or other photo ID, provide a birth date or mother's maiden name, or write down the last four digits of their social security number, a customer simply swipes a credit or debit card issued by the bank and enters the appropriate PIN. One bank found that a properly implemented solution not only significantly

reduced fraud and misuse, but it also saved an average of 20 seconds per transaction—a significant service improvement when multiplied over large volumes of transactions week-in and week-out.

Some banks have added relatively simple electronic signature capture capabilities to their teller workstations. The Electronic Signatures in Global and National Commerce Act, also known as the E-Sign Act, in 2000 granted electronic signatures the same legal rights as wet ink signatures on many documents. Today, customers can sign for withdrawals on a touch screen and the receipt is printed for the customer and stored electronically.

Relationship banking

Most banks have also invested a considerable amount of time and money into developing a central information file (CIF), also known as a customer information system (CIS), on bank customers. In the past, bank databases have been “silos of information”: one for demand deposits, another for savings accounts, yet another for home loans, and so on. A CIF consolidates information about all the products and services used by each customer into one database.

This way, if a teller or other employee is dealing with a customer, he or she can easily see at a glance that customer’s total banking relationship, not just information about a single product or service.

How important is it to use a CIF to calculate and hopefully improve your accounts-per-customer ratio? The average bank has less than two core accounts per customer. Those customers are considerably less “sticky” (and therefore, more likely to leave to get a better interest rate or lower fees) than customers with three, four, or even five products-per-customer.

Having a functional CIF also makes it possible to support integrated value promotions that reward customers by offering improved rates or terms for specific products and services, when a particular number of products is maintained at the bank. Let’s take a closer look at some of the other features the latest technology now is making possible.

Technology-Driven Solutions

Proven technology ready for prime time

With the increased competitive pressures and other challenges banks are facing today, it's critical to take advantage of the latest technology tools to improve customer service and enhance cross-selling.

At the teller workstation, payment providers are now offering card-based customer identification devices that comply with the latest Payment Card Industry PIN entry device (PCI PED) standards that took effect on January 1, 2008. All a customer has to do is swipe his or her debit or ATM card and enter the correct PIN, and the device provides positive identification in seconds. In addition, the device records transaction information and the customer's ID in case of future disputes. These devices provide financial institutions with the highest possible security against schemes to compromise transaction data and steal cardholder information.

The newest solutions also add a layer of sophistication to electronic signature capture, making in-depth biometric analysis of signatures feasible for banks interested in improving their customer ID capabilities. Rather than simply recording a static image of a signature, the solutions capture both geometric characteristics (shape, size, and general appearance of a signature) and dynamic data (speed, acceleration, and deceleration rates as the signature was created). The result is that the authenticity of signatures can be verified to a significantly higher degree—helping to reduce the chance of fraud, while simplifying an institution's document-handling requirement.

More colorful cross-selling

Technology is also coloring a new picture for cross-selling to customers who visit your branches, drive-ups, or kiosks.

Devices with full-color, VGA displays offer the potential to deliver attention-getting cross-sell messages directly to the point of service. At first, many banks may want to keep things simple, using these devices to inform customers about upcoming community events, monthly promotions within the bank, or other general messages. But by integrating the devices into your CIF, you can deliver targeted, dynamic visuals to individual customers during idle periods at the teller window or when opening an account.

In fact, sophisticated "micro-slicing" of your CIF database to analyze products and services already used can enable you to present messages for the

“next logical product” that each customer is likely to want. With this information, you can tailor your promotional messages to a customer’s specific needs. With much more refined target marketing, the days of advertising home loans to people who already have home loans with you will be over.

VeriFone Families of Devices

VeriFone offers multiple families of devices tailored to the needs of financial institutions

Drawing upon its more than 25 years of experience as the world leader in electronic payments, VeriFone offers financial institutions a wide array of solutions in their choice of four different platforms: the MX800 Series of multimedia devices; the versatile and practical V^x Solutions; QX Solutions, which are designed for drive-through windows and other outdoor applications; and OP Solutions for outdoor and indoor self-pay applications—as well as the secure, highly reliable SC 5000 and PINPAD 1000SE.

VeriFone's customer-facing devices have been proven in the highly demanding environment of retail payments, where the highest security, absolute reliability, and ease of use are essential. Recognizing the need to streamline processes, optimize productivity, and improve the quality of face time in the banking environment, VeriFone has tailored its point of service (POS) solutions to meet your daily requirements in the lobby, at banker's desks, at the drive-through, and unattended kiosks.

Identify and understand your customers better

VeriFone's innovative retail banking solutions are perfectly suited to helping your people get closer to your customers—even in the largest financial institutions.

When a customer walks up to a teller window or new account's desk, a swipe of a card (or tap, if it's using one of VeriFone's contactless devices) instantly identifies the person you're speaking with. No more nosy questions about a customer's birth date, birthplace, or social security number—which make many customers very uncomfortable. You get what you need—a reliable means to reduce fraud—and the customer gets the feeling he or she is known to and valued by his or her bank.

If your institution is fortunate enough to have a good CIF, you can efficiently tie this into your card-based ID devices, so a customer's relationship profile is displayed at almost the same time as his or her name pops up. This powerful combination of capabilities helps your retail banking staff do a better job of responding quickly to specific needs and recognizing the value of each customer's total relationship with the bank, rather than just focusing on the balance a customer might maintain in a particular account.

By automating customer identification, simplifying many of the required processes, and putting relationship information at your people's fingertips, you'll not only keep lines moving, but you'll also free your tellers and other bank representatives to make more out of every face-to-face interaction with customers.

Targeted content at the POS

VeriFone's MX800 Series of multimedia devices can help you further leverage the information in your CIF.

A high-speed processor, ample memory, high-resolution display, and full-color graphics, animation, and digital sound are available to support messages ranging from brand reinforcement to monthly promotions. The dynamic content supported by the MX800 Series is powerful. Whereas many of the one-sheets your marketing department stuffs into monthly statements may go straight into the recycling bin, the crisp animation and graphics of these video messages hold customers' attention while they wait at the teller counter or new accounts desk.

VeriFone's PAYware Vision suite of software simplifies the management of devices and content. From a central server, you can direct messages to a particular state or region, one or more metropolitan areas, or even a particular set of branches. With the help of your CIF, you can take that one step further and pinpoint messages to individual customers. Based on whatever products or services a customer already uses, your marketing people can program parameters for the "next logical sale", and most importantly, avoid trying to sell products to customers who already have the same product with your bank.

This precisely delivered promotional content is a great way to increase your share-of-wallet and enhance customer "stickiness", and the MX800 Series of devices performs exceptionally well not only in your branches, but also in unattended kiosks as well.

Creating a paperless work environment

VeriFone retail banking solutions also enable electronic signatures to be used on receipts, signature cards, and documents of all kinds—and together with a number of different software solutions, they support advanced biometric analysis. As mentioned earlier in this paper, e-signatures now carry the same legal weight as a wet signature on paper. More importantly, integrating e-signature capability into your workflow moves your institution another step closer to a paperless environment—eliminating the costs and service degradation often associated with the storage and retrieval of paper receipts, and streamlining document reviews for more responsive customer service.

Easy to install and support

VeriFone's professional services team will work with your bank's IT staff to quickly and efficiently integrate our customer-facing devices into your retail banking environment.

If you're looking for a simple card-based customer ID solution that can grow with you into the future, VeriFone's modular V^x Solutions can be quickly and seamlessly integrated into your current teller workstation platform. For precisely targeted and tailored cross-sales support, VeriFone developers will work closely with you to customize a content delivery and management solution for our MX800 Series devices that meets any requirements.

Whatever devices you choose—and wherever you choose to put them—you can bank on VeriFone devices for outstanding durability, the highest possible security protections, and a full complement of approvals and certifications under the latest industry standards and guidelines.

Conclusion

Capitalizing on a culture of change

Financial institutions have always been seen as a source of stability in an increasingly unpredictable world. Most banks have long-established processes and procedures that contribute to this stability and offer needed safeguards to customers and their money. But the world continues to change, and banks that are willing to embrace this dynamic environment—and the opportunities it creates—can capitalize on this culture change and enjoy a huge competitive advantage.

VeriFone's customer-facing transaction devices have the potential to help speed lines, streamline processes, enhance customer satisfaction through higher service levels, automate routine procedures so customer contact employees can devote more time to relationship-building and cross-selling, and enable you to increase your products and services per-household. In addition, they can help improve the quality of service in your branches that will encourage customers to come visit your bank branches more often.

If your bank is one of the first to recognize and implement these solutions, you are likely to achieve and maintain a lasting edge in attracting and keeping customers, and generating greater revenues and profits.



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