

**Microsoft®**

# Financial Services

*Identifying, attracting and retaining profitable clients*



Microsoft Dynamics™

*Financial services firms turn to Microsoft Dynamics solutions because they help identify, attract and retain profitable clients. They provide a consolidated view of client data and enable easier identification of cross-sell and up-sell opportunities.*

A banker 75 years ago probably knew many of his customers personally and deeply understood their financial requirements. He knew which of them borrowed money to finance their businesses or farms. He handled their mortgages and loans for new equipment, helped them with savings and investments, knew when they were sending children to school, and provided retirement planning assistance. And he faced little or no competition.

Today, financial services firms—many spanning a nation or the world—face unprecedented challenges: globalization, deregulation, consolidation, increasing regulatory requirements, decreasing margins, and emerging market economies. New competitors—national brands, global brands, non-traditional competitors—all vie for the same customers. At the same time, today's financial services customers, including ageing Baby Boomers, often struggle to match their complex financial needs with the baffling array of services available to them (banking arrangements, investments, insurance, credit cards, and more). They expect personal service and customer intimacy rivaling the kind local banks offered decades ago.

To address these challenges, forward-thinking financial services organizations are turning to technology to gain a deeper, more holistic understanding of their customers. This enables them to differentiate themselves from their competitors through more timely attention, more informed interaction and more appropriate products. According to Gartner, Inc., worldwide expenditures for software are projected to grow at an 8.5 % CAGR between 2005 and 2010 in both banking and insurance.<sup>1</sup>

<sup>1</sup>Source: "Banking IT Spending by Component, 2004 – 2010," and "Insurance IT Spending by Component, 2004 – 2010," Gartner Dataquest, November, 2006.

Ironically, legacy technology is one of the barriers to providing a seamless customer experience. Behind the scenes in banking, for example, technology typically involves many best-of-breed product and channel applications. These often run on multiple systems with multiple user interfaces. Complicating the matter, some systems run in-house while others are externally managed. While such best-of-breed solutions have solved different problems at different times, they have also created information islands, splintered views of the customer and cumbersome business processes. As a result, most financial services organizations today can see only one view of their clients' activities at a time, by individual account.

If financial services firms could gain the ability to see the individual customer's finances in a larger context—not just personal accounts, but also household relationships, small business accounts and transaction history as well as insight into planning for college and retirement—they could:

- **Identify** their most valuable clients. Uncovering and proactively responding to unfilled needs becomes easier. A financial services firm might find a customer keeping a large balance in a low-interest account, for example. That's profitable for the bank in the short term. But alerting the customer to opportunities to move funds to higher-return accounts can build customer loyalty and gain additional assets.
- **Attract** clients through service-oriented up-selling and cross-selling, executing more effective, targeted sales and marketing efforts to grow the base of loyal, profitable clients. For example, leading firms today often use inbound service calls as marketing opportunities by empowering customer service agents with context-relevant prompts.
- **Retain** more clients. The right customer relationship management tool can improve service and customer loyalty and identify existing and new revenue opportunities through an integrated, comprehensive customer view, including client profile and history, portfolio accounts, relationships and support records.

Competition is taking on added dimensions, too. Financial services firms collaborate with third parties to provide insurance and investment vehicles. Insurance carriers offer banking and investment products. Brokerages provide investments, money market funds, checking accounts, credit cards, and possibly ATM networks or ATM fee refunds. Online players are also creating additional pressure: these competitors, unburdened with bricks-and-mortar overhead, can provide products at lower cost. To compete, traditional players seek to make sales and service processes hyper-efficient. This can often mean increasing each agent's client load. Providing agents and advisors with access to the right information at the right time via easy-to-use, familiar tools can help them serve clients during the first phone call or a single office visit.

The emergence of new market economies around the world is creating significant new investable assets. And Baby Boomers are beginning to add to this pool as they plow a larger share of their income into savings and investments, decide where to invest their retirement accounts, or inherit substantial sums of money. As the pool of investable funds grows and opportunities to establish new relationships emerge, the stakes are huge: the financial services firms with the best sales and service capabilities will be in the best position to attract and retain the most profitable customers, leading to increased fee and interest income and improved profitability per customer and branch.

## *Banking*

Because of legacy technology, most banks remain organized by product silos, such as mortgages, personal loans, credit cards, savings and checking accounts. The heart of the issue is the proliferation of disparate, disconnected systems. This has made it difficult and costly to provide customers with a consistent experience across all channels as well as empower employees to identify specific up-sell and cross-sell opportunities. For example, through a mortgage application, a bank gets to know a customer thoroughly—marital status, children, insurance, cars, investments, credit history, and current savings. Yet few bankers in other departments can effectively draw on this information to sell college savings plans or insurance.



# RESULTS

This is why a holistic customer view is needed. Business solutions are essential to empowering tellers and cashiers, call center staff, in-branch financial advisors and loan specialists with the comprehensive and consistent information they need. Microsoft Dynamics™ CRM can help banks create an integrated view of each customer, and put this critical information in the hands of customer-facing agents when they need it. For example, when a sizeable retirement fund is temporarily moved into a personal checking account, the bank may have 36 hours to reach out to the customer with investment suggestions before the funds are moved to another institution. An automatic alert sent via Microsoft Dynamics CRM can help make sure these calls are made within that crucial window. Alerts can also be sent when inactive credit cards or checking accounts are identified. Lack of activity may indicate that a customer is about to leave; an alert can prompt a call to the customer to discuss other banking services that lead to customer retention.

Helping banks find a way to solve the problem of disconnected channel systems—such as ATMs, the call center, online financial services, and mobile financial services—is vital. As a result, we have focused major attention on enabling financial services firms to take full advantage of existing technology investments and infrastructure so they can integrate disconnected channel systems and consolidate technical resources. This yields lower costs while providing new levels of customer data aggregation. In turn, this enables banks to create a single, integrated sales and service platform that gives sellers comprehensive customer information and provides customers with access to products across channels. With this approach, banks can improve customer experiences and deploy new products and services more easily. It is also easier to improve operational efficiency and manage risk.

## *Capital Markets and Securities*

Financial advisors want, but typically don't have, a holistic view of their clients. Like banks, many are using standalone legacy systems and disparate databases. For example, advisors typically work with a customer's holdings with the firm, market data showing the value of the customer's portfolio, and additional information they can obtain from the customer, such as earnings, savings, investment vehicles, checking accounts, house value, equity and mortgage, credit card balances, spending habits, savings goals, risk tolerance, and expected

date of retirement. But such client financial data is frequently stored in multiple systems and databases, preventing financial advisors from accessing a single, consolidated customer view in real time. This makes it difficult to understand the identities, behaviors and needs of the most profitable clients.

A solution to this problem can be found in an integrated suite of tools developed for financial professionals who build advice-based relationships, connecting them to external data sources, internal systems, and infrastructure services.

As part of such an integrated solution, the comprehensive client view delivered by Microsoft Dynamics CRM is a powerful tool for capital markets firms. Microsoft CRM helps uncover opportunities to sell investment vehicles suited to an individual's unique needs. Armed with such information, the customer-facing agent can deliver a higher level of personalized service, building customer loyalty and profitability for his or her firm.

This approach begins with tools for enhanced client prospecting and spans every aspect of ongoing relationship management. For instance, the "mass-affluent market"—roughly defined as individuals with \$100,000 to \$3 million (U.S.) of investable assets—is an important opportunity for capital markets and securities firms. The challenge is to offer private banking-type advice at a fraction of the cost. Microsoft Dynamics CRM supports this strategy, enabling targeted, personalized service to this audience, rather than leaving them to seek out financial product information through call centers or the Internet.

Advisors and electronic advisory services on websites also need easy-to-use technology that keeps paperwork to a minimum while meeting all compliance requirements. To help in this area, innovative solutions based on Microsoft Dynamics CRM provide advisors with document management solutions. Microsoft Dynamics-based solutions can also help sell-side firms manage the distribution of their research to avoid sending out unwanted or duplicate material, and facilitate institutional client management and business development. On the buy-side, applications permit firms to monitor the value of research and the quality of trade execution provided by their brokers, so they can direct their order flow to the most productive firms and justify that order flow to regulators.

Microsoft Dynamics-based solutions also helps minimize administrative and operational costs while improving productivity. They can help eliminate the need for multi-part, paper-based forms, saving clients valuable time. Advisors can rapidly search across large volumes of client information, and a security-enhanced platform can help keep business data safe, secure, and confidential.

## *Insurance*

Insurance carriers, and their networks of “captive” or independent agents and brokers, have traditionally enjoyed the closest personal relationship with customers. The life insurance agent sitting down at the kitchen table with illustrations of annuities is not entirely a thing of the past; such agents still call on individual and business customers in person to discuss coverage. Because they insure cars and homes, add to life coverage as a family grows, and often have direct and personal contact with customers, insurance agents are in a strong position to sell additional products.

Despite the personal service many agents offer, the insurance industry has undergone a dramatic competition-driven transformation in the layers of complexity. Industry consolidation, decreasing margins, and increasing regulatory requirements have added uncertainty. Serving customers through one channel, a call center for example, makes it difficult to cross-sell and up-sell other products by means of a consistent customer experience. Moreover, internal and external agents don't have access to the information they need to better serve their customers and prospects. And complex customer relationships between headquarters and branches as well as hierarchical underwriting structures have made it increasingly difficult to access critical information.

This is why Microsoft has created an integrated set of applications and workflow processes that span distribution networks, service providers, policy administrators, claims processing, and reinsurance to help create a seamless link between provider and client. As part of this approach, Microsoft Dynamics CRM integrates sales, marketing, and customer service information. This allows employees to access and share complete customer information across teams, departments, channels, or intermediaries. For example, providing customer service for an automobile accident can touch any number of parties, including the call center, the agent, an adjuster, auto body and/or engine repair

shops. If injuries were involved, information from and payments to physicians and/or attorneys may also be a part of the claim. Microsoft Dynamics CRM provides an easy-to-use method of viewing all of this information, helping users to easily share, manage, and update information across existing systems and databases.

Microsoft Dynamics-based solutions also help ease an insurance firm's administrative burden while helping improve profitability. They can automatically incorporate changes to regulations and compliance, helping underwriters assess risks more accurately, calculate premiums efficiently, and respond to customers quickly.

## *Identifying, Attracting and Retaining Profitable Clients*

The financial services community relies on information. But because the industry grew up in product silos, integrating information from disparate sources to present a holistic view of the client can be a technological challenge. Firms able to successfully meet or surpass customer expectations have an opportunity to increase their share of investable assets. Failure to provide the expected information or service can result in assets moving to another firm with a few key strokes.

A high percentage of customer service for financial institutions is delivered through call centers. Like almost everything else in financial services, life for frontline staff is growing more pressured. Customer-facing personnel must deal with more customers. They need complete information immediately to answer questions and resolve problems. While helping to answer questions and solve problems, frontline personnel are also being asked to look for the right opportunity to sell more products or bring in more assets from the customer. As a result, they need technology that provides them with product information that can be matched to client profiles to uncover the right savings, investment or insurance vehicle.

Microsoft Dynamics CRM meets these challenges with a unified view of customer, product, and service information. This is valuable in helping call center agents identify high-value customers, which is critical because high-income consumers in particular tend to hold business organizations accountable for poor service.

Highly effective customer service departments not only successfully resolve complaints, answer questions, and seek cross-sell and up-sell opportunities, they also collect feedback and data to suggest process improvements. Today's CRM solutions offer ideal centralized repositories for customer service data that can be used to improve product and services or develop strategic priorities.

Innovative solutions, built on Microsoft technology and tailored to the specific needs of banking, capital markets, and insurance organizations, can help identify, attract, and retain profitable customers. These solutions work the way you do, the way your business does—and the way technology should.

Microsoft's ability to meet the requirements of financial services organizations—today and tomorrow—is driven by the host of

relationships we enjoy with our community of talented partners around the world. These relationships merge the best of Microsoft Dynamics technology and our partners' in-depth, industry-specific expertise. Microsoft contributes technology that is familiar and easy to use; innovative; widely used and supported; and easy to integrate. To this foundation, our partners add their deep understanding of what is required to succeed in the unique niches that comprise financial services. Combining our strengths in this way, we offer financial services firms solutions to help them identify, attract, and retain profitable clients.

To learn more about Microsoft Dynamics and its benefits for financial services organizations, visit <http://www.microsoft.com/dynamics/industry/financialservices.aspx>





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