

A Road Map to Successful Customer Centricity in Financial Services

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Table of Contents

Introduction	2
Total Customer Relationship for Authoritative Views of Customer Information	3
Data Quality for Trusted and Accurate Business Information	4
Cross-Channel Data Integration for Service Consistency	5
Real-World Uses of Informatica Technology:	
Three Customer Success Stories	6
Westpac Life New Zealand Limited Nets 242 Percent ROI	6
Large U.S. Regional Bank Streamlines Mergers and Acquisitions	6
Leading Wealth Management Firm Boosts Financial Advisor Productivity	7
Conclusion	8

Introduction

Growing and retaining customer relationships in financial services are critical to profitability and long-term success. Industry reports estimate that banks are losing customers at an average rate of 12.5 percent per year, while average acquisition rates are at 13.5 percent, making acquisitions nearly a zero-sum game.¹ The average financial institution has between a 60 percent to 70 percent probability of success selling more services to a current customer, a 20 percent to 40 percent probability of selling to a former customer, and a 5 percent to 20 percent probability of making a sale to a prospect.

Unfortunately, ongoing commoditization of financial products, the recent global financial crisis, competition from new entrants, and continuing industry consolidation pose significant challenges for everyone in the industry to maintain and grow customer relationships. In response, firms are focusing on delivering innovative products, services, and channel applications, increasing one-to-one marketing programs, and transforming themselves from account-centric to customer-centric business models.

A customer-centric business model requires technology that allows financial services firms to effectively access, manage, and deliver the right data and information to downstream business and customer-facing systems while reducing operational risks and cost for IT organizations.

This paper discusses three key areas of focus for delivering the right data to enable customer centricity in financial services:

- Total customer relationship for authoritative customer information
- Data quality for trusted and accurate business information
- Cross-channel data integration for service consistency

¹ "The Cost of Customer Churn," Financial Publishing Services, Feb. 13, 2010, Christine Durkin.

Total Customer Relationship for Authoritative Views of Customer Information

Financial advisors, agents, brokers, marketing managers, and customer care professionals have long demanded access to timely and accurate customer information in the applications they use to drive business success. Becoming a customer-centric organization starts by having a single, trusted and authoritative source of customer information across all products, business lines and delivery channels. Regrettably, traditional business silos, account-centric systems, lack of data standardization, and proliferation of data warehouses and customer relationship management systems have created islands of disparate data that is often inconsistent, outdated and incomplete.

The Informatica® Total Customer Relationship Solution is designed to help break down the traditional application- and business-silo barriers to access customer, account, product, and channel data from all systems to deliver a trusted, comprehensive, and complete view of all relationships across the financial services enterprise. As Figure 1 illustrates, the Informatica Total Customer Relationship Solution supplies three valuable customer views: 1) a single customer view, 2) a 360° customer view, and 3) a complete view of customer interactions.

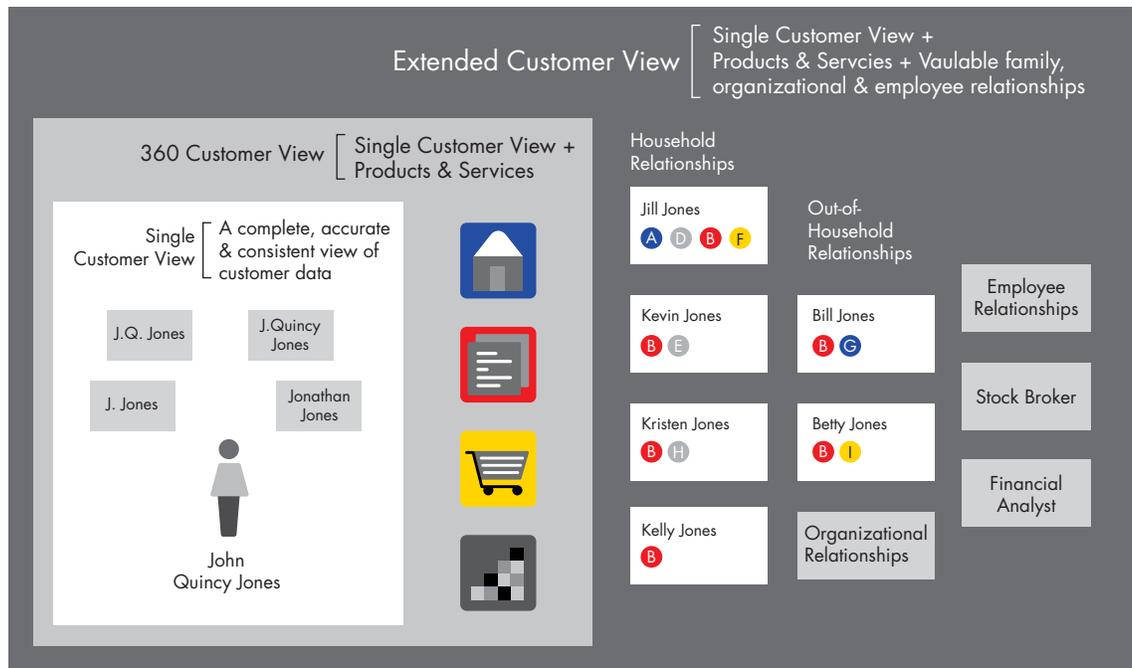


Figure 1. Informatica’s Total Customer Relationship Solution with Informatica Master Data Management (MDM) at the core empowers sales, marketing and customer service with immediate access to the complete customer information they need.

Data Quality for Trusted and Accurate Business Information

Data quality issues have long plagued financial services companies—impacting every aspect of sales, marketing, and customer service with root causes typically in inadequate controls, human error, and data corruption over time. Informatica Data Quality is designed to meet the high demand for trusted data in the financial services industry.

Built to handle the needs of all data stakeholders—from data analysts and data stewards to business owners and IT developers—Informatica Data Quality provides a comprehensive and integrated data quality and data governance solution. As Figure 2 shows, it helps detect data quality errors, enables business users to define data quality rules and monitors ongoing progress and exceptions with prebuilt dashboards and quality metrics.

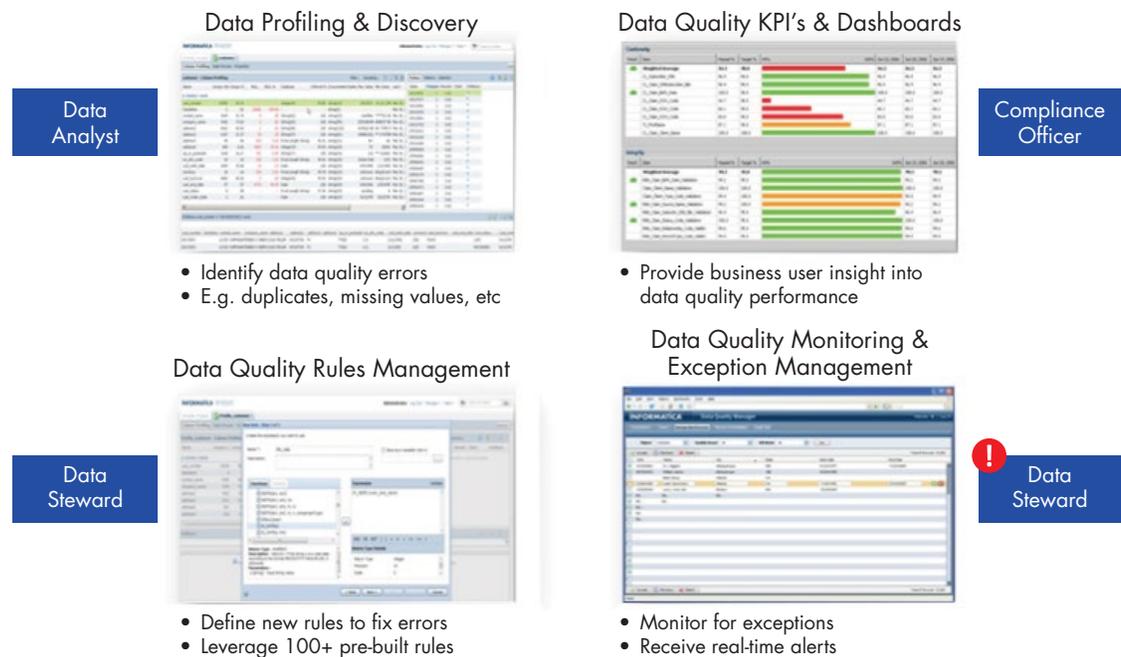


Figure 2. Informatica Data Quality furnishes an integrated data quality and data governance solution for key stakeholders and participants.

Cross-Channel Data Integration for Service Consistency

Becoming customer-centric also requires improving service consistency by seamlessly and cost-effectively sharing data across the channels your customers use—on-line, on the phone, at the branch or via mobile devices. Unfortunately, many organizations have integrated their delivery channels over the years with custom coding, or they have used enterprise application integration, an enterprise service bus or service-oriented architectures without the ability to access disparate data in its native formats. Such systems may also be incapable of transferring both real-time and large batches of data, transforming data to target application requirements, or delivering it cost-effectively—all decreasing the ability to become customer-centric.

Integrating data across channels requires technology that can source, transform and deliver data in any format, structure, volume, latency and scale to meet the high demands of big transaction and interaction data in the global financial services market. The Informatica Intelligent Data Platform® is designed to handle any scale of complexities, volumes, and latencies while eliminating the risks and costs of traditional methods for cross-channel data integration. By leveraging a single platform for cross-channel data access, transformation and delivery, Informatica technology ensures consistent and scalable delivery and synchronization of data across channels regardless of format, structure or speed as outlined in Figure 3.

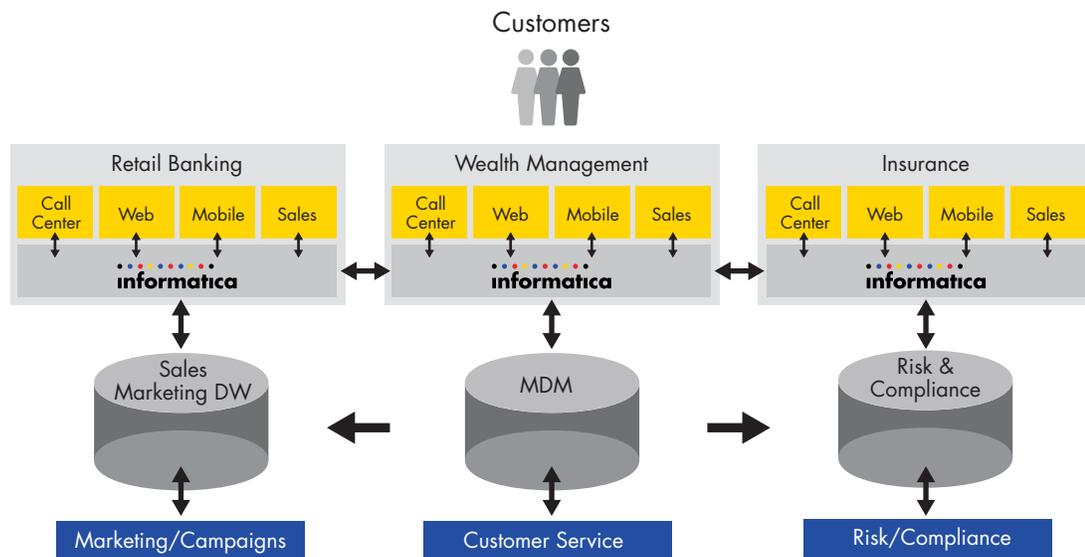


Figure 3. Informatica's Intelligent Data Platform supports customer centricity in financial services by enabling cross-channel data integration.

Real-World Uses of Informatica Technology: Three Customer Success Stories

Financial services firms around the world are putting Informatica technology to use to increase customer centricity, streamline mergers and acquisitions and boost the productivity of financial advisors and other customer-facing personnel.

Westpac Life New Zealand Limited Nets 242 Percent ROI

Westpac Life New Zealand Limited was focused on capitalizing on new growth opportunities while many companies in the insurance industry were struggling to recover from the global financial crisis. To do so, it needed to gain a better understanding of its customers' behaviors and interests across traditional product and business lines to increase revenue and wallet share. Unfortunately, years of growth and traditional lines of business meant that insurance data was collected and stored in many disconnected applications for Westpac Life New Zealand. This absence of integration made it difficult to quickly focus on fundamental trends and closely align them to strategic capabilities or proposed innovations.

In addition, lack of data quality controls and processes caused the company to spend valuable resources gathering, consolidating and cleansing business data in spreadsheets before making informed decisions or giving advice to stakeholders. The adoption and integration of Informatica's Intelligent Data Platform allowed for faster, more efficient and transparent data integration, data quality, master data management and business intelligence systems. Westpac Life moved its business ecosystem beyond traditional boundaries to efficiently compete for a share of new growth opportunities.

By improving access to the right data and visibility into customer relationships, Westpac Life was able to realize an impressive 242 percent ROI from its investment in Informatica technology. It also anticipates such benefits as increased revenue of at least 1 percent, a drop in customer attrition of 1 percent, and improved cross-sell rates. Timely identification of where sales are strongest is expected to help Westpac Life improve sales and increase revenue by at least 1 percent over the life of its insurance policy offerings.

Large U.S. Regional Bank Streamlines Mergers and Acquisitions

A large U.S. regional bank recently acquired another large regional bank, one of 20 acquisitions over the past four years to expand its national presence. Several challenges were ahead of it, including the integration of its channels, systems, and branch banking platforms as well as consolidating customer information from hundreds of systems across both banks. A key requirement for executives and the board was to increase wallet share of all products from existing customers, but the bank had no consolidated source of trusted customer data. To further complicate matters, no one trusted the data on file because of years of neglecting data quality.

The Informatica Intelligent Data Platform was used to quickly identify duplicate records and invalid IDs and cleanse inaccurate customer contact information across more than 50 systems. By automating the de-duplication and conversion of new customer data during the project, the company was able to do in weeks what would otherwise have taken months of manual identification and cleanup following the merger. The bank also significantly improved its customers' experiences immediately after the merger as a direct result of implementing Informatica's Intelligent Data Platform.

Leading Wealth Management Firm Boosts Financial Advisor Productivity

One of the world's leading wealth management firms, with offices in 40 countries and territories and total client assets of approximately \$1.6 trillion, provides advice-based wealth management services and products to individual clients and businesses. It uses a network of more than 15,000 financial advisors in approximately 680 offices around the world.

Executives learned that an average of 70 percent of financial advisors' time was spent on administrative activities, leaving them with only 30 percent to work on client-facing activities. Because of this inefficient use of time and resources, the company was often unable to benefit fully from cross-sell and up-sell campaigns. Additionally, advisors often found it difficult to apply the right level of service to clients.

Due to historical business choices and in reaction to compliance concerns, the company had designed its IT systems over the years around an account-centric instead of a customer-centric point of view. Because of this design, financial advisors wanting to access account information needed to manually look into each system in which a client had an account.

The company decided that an MDM solution would be the best way to approach the technical challenges that were impacting financial advisor productivity. It enlisted Informatica's Total Customer Relationship Solution to integrate information across three distinct systems: a legacy data repository, a sales force automation system and a homegrown account management system. Then the 15,000 financial advisors would have access to this information in real time instead of having to wait to get this crucial information as they did previously.

By creating this single view of customer data across the enterprise, the financial advisors were able to eliminate repetitive IT and administrative tasks and gained new productivity. Gone was the need to log in to separate account systems. Financial advisors could now, through a single interface, access customer data stored at virtually any location in the enterprise. With a single, real-time view of account data, financial advisors were able to:

- Make better decisions based on complete, timely information
- Fully implement cross-sell and up-sell campaigns
- More effectively leverage institutional knowledge and information resources to address client needs and improve account services
- Recalibrate service levels to better meet customer needs and initiate customer contacts

About Informatica

Informatica Corporation (Nasdaq:INFA) is the world's number one independent provider of data integration software. Organizations around the world rely on Informatica to realize their information potential and drive top business imperatives. Informatica Vibe, the industry's first and only embeddable virtual data machine (VDM), powers the unique "Map Once. Deploy Anywhere." capabilities of the Informatica Platform. Worldwide, over 5,500 enterprises depend on Informatica to fully leverage their information assets from devices to mobile to social to big data residing on-premise, in the Cloud and across social networks. For more information, call +1 650-385-5000 (1-800-653-3871 in the U.S.), or visit www.informatica.com.

Conclusion

Retaining customers and growing wallet share requires having the right data in the systems and applications that drive customer-centric sales, marketing, and customer service. The foundation for a successful customer-centric business practice requires technologies that streamline processes and reduce the cost of accessing, managing, and delivering trusted, comprehensive, and authoritative data across your enterprise.

By leveraging the Informatica Intelligent Data Platform, including the Informatica Total Customer Relationship Solution, Informatica Data Quality, and core data integration technologies, your financial services organization will have the right information at the right time to stay ahead of your competition, manage healthy customer relationships and maximize value for your shareholders.



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