

eCommerce Strategic Plan

B2B and B2C - \$49B Regional Bank

The Challenge

A \$49 billion West-Coast-based commercial Bank was considerably behind its key competitors online banking and bill payment offerings and, as a result, the company was perceived among its most profitable, technology-savvy customers as an “old-fashioned bank”. As a result, the Bank’s attrition rate was escalating at an alarming rate especially among the youngest, most affluent customers.

Key Management Issues

- “How do we stop the outflow of our most profitable customers?”
- What level of investment is appropriate and what improvements should be made to the Bank’s on-line offering to regain the patronage of the most profitable groups?”

The Action

PHASE I – The Current Assessment

Align FSC consultants conducted a thorough review of the current web site, the Bank’s technologies and organizational competencies. A thorough review of the on-line banking sites of the institution’s major competitors, and those known to Align FSC consultants to have best in-class offerings were studied in detail.

Three alternative strategies (*status-quo, conservative and aggressive*) were identified based on increasing levels of enhancements to the underlying technologies, as well as to the web site’s transaction and marketing functionality. Likewise, Align FSC consultants forecast the respective customer acquisition, activation and retention rates, costs and risks and overall ROI associated with each investment scenario. Align FSC consultants recommended that the Bank pursue the moderate E-Commerce strategy.

The following tasks provided an objective evaluation of the Bank’s internal operating environment relative to its peer group and best practices in retail banking. This review helped the Project Team clearly understand the Bank’s relative strengths and

weaknesses in its product offerings, delivery channels.

The focus of this strategy was on meeting (or exceeding) targeted customer E-Commerce financial services delivery preferences, activities, and needs. The Bank would seek competitive market parity with 2nd Tier financial institutions and preemptive differentiation in identifiable niche markets. The team determined that lagging behind 1st Tier competitors was acceptable as there remained significant market potential and opportunity for a focused strategy at this level. Align FSC consultants developed a comprehensive cross-functional execution plan covering content alliance partnerships, technology outsourced solutions, marketing, IT, operations and finance; they managed all aspects of the Plan’s development, implementation and launch.

The Result

The Plan redefined the Bank as a preferred e-Commerce provider for specific customer segments, and forecast an uplift of over 130,000 retail and 10,000 commercial customers over three years, resulting in an NPV of \$18 Million over three years.

Average Online Customers

