

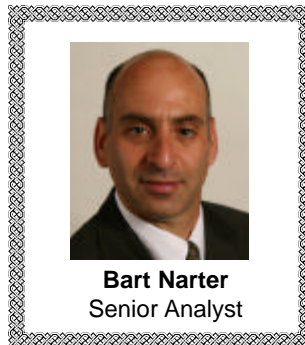
Using Core Systems for a Competitive Advantage

Gaining a competitive edge for community financial institutions lies more in customer service than in technology in many cases. Smaller FIs just don't have the resources for huge technology projects so they need to rely on friendly and efficient service as their differentiator. While the money center banks are busy working on complex middleware initiatives to attempt to tie their disparate systems together, smaller FIs can focus on customer service since they are not handicapped by these legacy business and technology silos.

Since the community financial institutions are inherently more integrated than their large competitors, their choice of a core system vendor is more critical. This selection is very important since they are actually choosing their entire system. That is because they will usually end of using their host provider for numerous modules such as teller, platform, online banking, CRM, etc. Larger FIs have the flexibility to choose 'best of breed', but smaller FIs are looking at implementing a more complete solution from their core system vendor of choice. Their limited Information Technology staff just doesn't have the time to handle integration projects with a variety of technology suppliers.

A very critical component of any institution is the ability to offer "the next best customer is different and FIs must target products they have right now and what to both loan and deposit products.

While highly publicized CRM problems there are plenty of success stories of less call this 'CRM Lite'. CRM Lite avoids much grating with the teller system right out-of-vendors, integrating directly to the host. These solutions are offered by most core vendors. CRM Lite focuses on the customer at the front end and handling mundane, but essential, issues such as service requests and product referrals. By its very nature, CRM Lite means limited goals, but also entails efficiently and completely resolving customer service issues and request of all kinds.



tion's strategy to stay profitable and competitor" to their customers. Each and every them accordingly. They need to know what they should be recommending - this applies

and outright failures may garner attention, ambitious CRM projects. At Celent we like to of the complexity of full blown CRM by inte-the-box, and in the case of core systems

Even though it is not as easy to implement as next best product, FIs may want to consider introducing relationship pricing. That is because granular levels of relationship pricing can be a real differentiator for the institution.

By looking at these kinds of solutions, as well as the best total solution for their core system instead of a best of breed approach, community financial institutions should be able to compete well with anyone in the marketplace.



Bart Narter is a senior analyst within Celent's banking group and is based in the firm's San Francisco office. Mr. Narter's research and consulting are focused on emerging technologies affecting retail financial services, with a particular emphasis on branch evolution. He brings a rich technology background with extensive experience in creating and selling products and services to enterprise IT departments, including large financial institutions. Before joining Celent, he was the founder of EnhanceRate, a technology services consulting firm for e-mail marketers. He has held senior management positions at various Silicon Valley technology companies, including Latitude Communications, Exactly!, and MBI. Previously, he was a consultant for Boston Consulting Group, where he conducted numerous case studies examining the financial services industry.