

# TRANSFORM CROSS-SELLING INTO CROSS-BUYING



By: **Robert Landry**

Partner, Director  
Banking & Investments  
Strategy

Ever since the mid-1970s bankers have pursued the elusive goal of cross-selling products to increase top-line growth and improve retention in a consolidating market. The results have been mediocre at best. With the average household potential at over 10 products, average cross-sell ratios still remain in the range of just two.

To break from this trend, bankers need to turn the concept of cross-selling on its end. Bank services must be so attractive and easy to use that customers are interested in *cross-buying*. To achieve this, banks require a significant makeover in strategies, processes and underlying technologies.

CGI calls this journey "Banking. Transformed." We believe it is gaining traction now and will dominate in the future. In this new era, successful bankers will know their customers' needs, not just their balances. And they will go beyond commoditized products to personalized customer service.

## Why change now?

The middle-tier, full-service bank is getting squeezed on both sides. On one hand, national mega-banks such as Bank of America are expanding across the spectrum and funding national brand campaigns. On the other, product specialists such as Countrywide and ING Direct are seeking pricing advantages and aspiring to be dominant players in specific product niches. To further complicate matters, the paper check—the last bastion of location advantage—is declining at double digit rates while location-agnostic electronic debit is increasing at even faster rates.

Regional and local banks are caught in the middle. They can't differentiate on size, price or product specialization, so there's only one playing field left: service and the agility to stay ahead of slower footed goliaths. To succeed, big banks and regional/local banks alike must transform and integrate the people, processes and technologies that will make personalized banking a reality.

## Relationship vs. price-based banking

As consumers, we have accepted the era of pervasive computing and instant gratification. We want our services—from ring tones and homepages to money sweeps and credit lines—to be personalized, easy to use and easy to change.

Several institutions have taken the first step by institutionalizing customer experience as an organizational competence. The next step is to make mass market retail financial products attractive to consumers who want it done "my way." This requires products tailored to meet the needs of each consumer and packaging to make it attractive and easy to buy a "full course meal" rather than a single product.

Prices and basic product functions will become more competitive while personalized value offers will gain importance in customers' banking decisions. Yet most banks lack the knowledge foundation needed to compete for relationships. Even if they had it, the ability to execute a full relationship banking strategy is veneer-deep because of insufficient infrastructure to offer products that support it. Layers of legacy technology focused around product silos make it impossible to manage and serve personalized customer relationships profitably.

## Banking. Transformed.

Transformation enables a bank to shift from market-customized products to customizable individual accounts controlled by the customer. Now customers can choose the features that make the most sense for their circumstances. In place of non-integrated account structures, the transformed bank has integrated "relationship" accounts that offer customer loyalty pricing, choices for sweeps and flexible financing alternatives.

Focus on relationships and customer service are the keys to transformation banking's goal of organic growth, but it cannot be achieved with the product-centric systems characteristic of today's banks. To succeed, institutions need an infrastructure that is more flexible and designed from the ground up to facilitate change and data sharing. This infrastructure will enable a single, enterprise-wide view of each customer and their total banking needs, making excellent customer service a reality.

## ABOUT CGI

CGI is a leading IT and business process services provider with approximately 25,000 professionals operating in 100+ offices worldwide. In the credit management field, CGI is a leading provider to banks, including 9 of the top 10 U.S. banks and 7 of the top 20 banks worldwide, helping them make the shift to true relationship banking.

**For more information, call 703-227-4502, e-mail us at [banking.solutions@cgi.com](mailto:banking.solutions@cgi.com), or visit [www.cgi.com/banking](http://www.cgi.com/banking)**

