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COVER STORY

Web Banking Takes a Page From Retail

■ BY DANIEL WOLFE

Online Resources Corp. has revamped its online banking software by emulating Internet retailers, the companies that arguably have put the most effort into figuring out how consumers think.

The Chantilly, Va., company said its new approach makes banks' Web sites more engaging and might encourage customers to use online services that charge fees; it comes at a time when financial companies are looking for ways to collect fees that do not run afoul of regulation.

"The retailers are more advanced than the financial services industry is, so we were not shy about copying," Ron Bergamesca, Online Resources' executive vice president and general manager of community bank and credit union services, said in an interview last week.

The company said that the typical online banking format can be so at odds with how people have learned to interact online that some elements of banks' sites designed to streamline the experience may actually make customers uncomfortable.

One of the biggest changes is adding a step to the online bill-pay process — contrary to conventional wisdom that says that every screen a customer must wade through offers another chance to abandon the task altogether. After the customer has set up the payment, the new screen shows all the details of the transaction to be confirmed.

Bergamesca said that consumers feel more in control of the process when they have a final chance to review their transactions before completing them. The model for this addition was the confirmation page built in



Bergamesca: Retailer's Web sites "are more advanced than" banks'.

to many retailers' shopping cart software, which shows the details of a consumer's purchases before the sale is completed.

The confirmation page is "interrupting at the right time," Bergamesca said. "You don't want to do it too often, you don't want to make it a bad experience," but the consumer wants to pause at the end to make sure all the payment details are correct before sending away any money, he said.

Some financial companies offer similar features, including Citigroup Inc., which designed its online banking service in-house, but Bergamesca said the confirmation screen is not widely available.

It is also an opportunity for the bank to cross-sell services that charge fees, such as expedited payments, much as a retailer

might try to pitch a related product before the checkout is complete.

Bergamesca said that online banking and bill-pay services are generally considered a cost of doing business and that anything that helps banks generate revenue would be appealing.

Nicole Sturgill, the research director for delivery channels at Corporate Executive Board Co.'s TowerGroup research firm in Needham, Mass., agreed that giving consumers a final opportunity to review their transactions also gives them another chance to consider additional fee services and "could potentially boost revenue for the banks."

The feature fits with Online Resources' theme of mimicking e-commerce, she said, in which users are given a last chance to add overnight shipping before completing their orders.

She cautioned, however, that most people would prefer the bill-pay equivalent of free shipping when presented with the choice to pay a fee to expedite the payment. "Are they going to get thousands of people doing it?" she said. "No. But will they get a few more than would do it otherwise? It's quite possible."

Online Resources began rolling out the software this month and has already deployed it to about 200 clients, including MB Financial Inc. in Chicago and University Federal Credit Union in Salt Lake City.

The new Online Resources application is also cleaner, offering up only basic information until consumers indicate they want more. In those cases, consumers click a link to open a "smart window," a frame that appears over the online banking page.

Online Banking Software Using E-Commerce Model

This lets consumers set the frequency, for example, of recurring account-to-account transfers. If the consumer does not want transfers to recur, that menu does not even appear.

The company has also expanded bill presentment, once a premium service, to all bill-pay users. This, too, appears as a smart window but only when the consumer chooses to view it.

“We’re going to provide a lot of data, but we are going to provide it on demand,” said David Albertazzi, Online Resources’ senior director of product management for community bank and credit union services.

Memory is another way in which the Online Resources software mimics e-commerce. The software notes the features indi-

vidual consumers use most, then loads them most prominently in later sessions.

For example, if a user always clicks the account aggregation frame first, the software learns this and loads that frame upon login during subsequent online banking sessions — much as Amazon.com might recommend more Harry Potter books to someone who keeps logging in to buy them.

“The approach that we’re taking here is basically using the same concepts” as “online retail stores,” Albertazzi said.

Sturgill said Online Resources has chosen a good model. “Consumers are very used to the e-commerce experience,” she said. “You’re used to buying things on Amazon ... and maybe more so than online banking.”

The review page feature, in particular, she

said, should please consumers who consider the extra step a way to stay in control of their spending. “It really can make some consumers feel better,” she said.

The new software makes online banking simpler, she said.

“The application providers are really trying to streamline the process and make it more consumer-friendly,” she said, and this in some ways runs counter to the direction online banking has taken in the past.

“We’ve spent the last 10 years cramming new functionality in online banking, and really, when it comes down to it ... , there is no reason why we can’t pick out exactly what each consumer is doing when they come in,” she said, and present only that each time. ■