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CUSTOMER RELATIONS

Banks Reach Patrons With Outsourced E-Mail

By Max Slifer

As the banking and financial services industry continues to witness intense competition and ongoing consolidation, financial institutions are forced to meet the challenge of retaining – and obtaining – customers. Although some banks are still distributing paper-based service promotions and account reports to customers, snail mail is fast becoming an outdated and irritatingly slow mechanism for customers to access up-to-date account and transactional information. As the speed of e-business continues to accelerate, so does customers' desire to keep on top of their own financial information.

Quick, secure and reliably constant delivery of information has become a top method for banks to differentiate themselves from the competition, and those organizations that have adopted secure e-mail as a regular component of their communications infrastructure have gained an edge. More and more banks are steadily using e-mail to quickly distribute documents such as transactional information (positive pay reports, ACH notifications, etc.), marketing promotions, or complete account statements.

For some banks, the process of distributing such large amounts of documentation to customers is both arduous and expensive. To use e-mail to distribute numerous electronic documents to hundreds of thousands of recipients, banks often have to set up an additional internal system to manage the

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mass delivery of information. Quite often, this method becomes too costly and labor-intensive, and the problem only gets worse as customer volumes continue to rise.

Gaining an External Hand

As a result of these numerous problems, financial institutions of all sizes have begun to outsource their e-mail communications to electronic messaging providers. By outsourcing this cumbersome process, banks are eliminating overhead for extra in-house technology, increasing the efficiency of staff, adding further security to the distribution process and improving customer service.

When distributing non-sensitive documents, such as new loan or financial services information, leading service providers offer banks sophisticated and highly secure networks to deliver thousands of documents simultaneously to multiple parties via e-mail.

Upon completion of the job, most leading messaging providers offer a complete audit report, confirming the time of delivery of every document. This usually can be accessed via any PC through the provider's Web site. The bank can also have these reports automatically faxed or e-mailed to them after every distribution job. If any e-mails fail to reach their intended recipient, the bank can immediately request for those in question to be quickly resent.

For banks that are distributing daily customer account and transactional information via e-mail, a few leading messaging providers have set up a dedicated or "direct-connect" line between their offices and the bank. This allows the bank to send a batch file every morning to the service provider,

containing thousands of its customer's daily account reports and their e-mail addresses. The customer's reports are sent to the messaging provider as straight text and are then automatically encrypted, addressed and distributed by the provider to all intended recipients. This procedure significantly simplifies and speeds up the communications process for the bank.

Secure Computing

When looking specifically at distributing large volumes of customer account information via e-mail, the need for a highly secure delivery mechanism also is a major concern for both the bank and its customers. Usually that means encrypting all e-mail documentation and requiring the customer to decrypt the e-mail upon delivery. But this process can involve the purchase and installation of special software and public and private keys by both the bank and its customers. Therefore, the bank incurs further costs and administrative headaches in managing all of the keys, while the customer is faced with a rather complicated mechanism for receiving vital financial information.

By outsourcing this process, the bank alleviates the need for it or its customers to purchase additional hardware or software. Banks can send the information directly to the messaging provider, which then uniquely encrypts and addresses each message. Each e-mail is automatically sent to the recipient, who is required to type in the correct pass phrase in order to decrypt and read the document. To enhance the security, the pass phrase is comprised of unique variables that change daily, therefore no one password is

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consistently used. Again, a bank can check on the delivery status of every document via their desktop and can request daily distribution reports.

Benefits of Outsourcing

Banks benefit the most from outsourcing the distribution of customer account and transactional reports by sending such documents to their customers first thing in the morning. This often reduces the cost of call center operations, as fewer customers will need to regularly inquire about the status of their accounts. Customers benefit too, as they can remain in better control of their financial position on a daily basis and effectively reconcile their accounts and close

their books immediately within the same business day.

Implementation of these types of delivery systems does not require extra human capital or the acquisition of any other additional hardware or software on the part of the bank or its customers. The provider does all of the work.

As electronic banking and commerce continues to gather momentum, financial institutions and banks have to stay ahead of the curve when it comes to addressing and fulfilling customer's increasingly immediate and demanding needs. Commercial customers are conducting business in a real-time business world and need real-time confirmation that certain transactions took

place and adequate funds are available to accommodate ongoing business deals. Therefore, the communications mechanisms that are being employed by the banks to keep their customers regularly up-to-date need to be technically comprehensive, secure and reliable, without having a negative impact on the bank's bottom line.

By outsourcing, banks remain on the cutting-edge of electronic commerce and communications, gaining increased flexibility, reliability and accountability on an ongoing basis. By opting to outsource the delivery of information to electronic messaging providers, banks can take advantage of new opportunities to enhance customer loyalty and satisfaction without incurring extra costs. ■

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