

**Reader ROI**

- Significant market opportunities exist to deploy new products and services aimed at the cross-selling of wealth management and banking, but current systems do not easily support extended product sets.
- An integrated sales and service front end can leverage existing investments and help overcome staff resistance to change.

# Developing Portals to Integrate Wealth Management and Banking Services

## Overview

The activities of commercial banks and securities firms in the United States were separated for a period of 70 years. The resulting “Balkanization” of banking and investment products gave rise to the development of separate core accounting systems to accommodate each type of customer account and transaction. The separation also resulted in generations of sales and support staff who were comfortable with one set of products and resistant to selling the other.







In the post-deregulation era, mergers and acquisitions blurred the lines between traditional banks and investment firms. As firms sought to capitalize on market opportunities and expand “share of wallet,” there was a move to develop new combined products and services.

Banks were especially focused on segmenting their accounts and delivering differentiated services to high-value accounts. While banks made inroads into the high net-worth segments for new revenues, wealth managers gave clients incentives to use them for traditional banking needs such as bill pay and checking. Banking divisions within wealth management firms expanded to develop new products to leverage client investments to support mortgage, loan, and cash management needs. These banking divisions then developed select offerings to align with their client profiles.






Many organizations are now considering the integration of client data across all product sets in order to better target and cross-sell new services.

## U.S. core system specialization

In the past, leading financial services systems in the U.S. specialized in either banking or securities. A sample of U.S. core systems demonstrates this high degree of specialization (See Figure 1).

Vendor	Product	Origin	Banking	Investments
 FIS	E-Profile (Sanchez)	US	●	○
 Metavante	Integrated Banking Solution	US	●	○
 FISERV	CBS	US	●	○
 Charles River	Charles River	US	○	●
 SUNGARD	Charlotte	US	○	●
 THOMSON	Thomson One	US	○	●

By contrast, international core banking systems have some capability to support investment products (See Figure 2).

Vendor	Product	Origin	Banking	Investment
 MISYS	Midas Plus	UK	●	◐
 TEMENOS	T24	Switzerland	●	◐
 eRI	Olympic	Switzerland	●	●
 S A C E	Prospero	Switzerland	●	◐
 IPBS	IPBS	Bahamas	●	◐

Source: BusinessEdge Analysis

Legend

- Full Functionality
- ◐ Most Functionality
- ◑ Significant Functionality
- Basic Functionality
- No Functionality

Because these core systems are an integral part of operations, companies are facing a short list of options:

- **Option 1:** Implement a more comprehensive core system that will accommodate both banking and investment products
- **Option 2:** Retrain all client service and support staff on two systems to accommodate both product sets
- **Option 3:** Build an integrated front end that will enable the client service and support staff to operate in one environment—preferably one with which they are familiar—while being tied-in to both core systems

Each option has its pros and cons:

- Although Option 1 may be the most efficient solution, it would require an extensive and very expensive integration effort. It would involve a temporary dip in productivity and would necessitate staff training.
- Initially, Option 2 would be the most cost-effective, but would require the ongoing expense of supporting two systems. Costs would be incurred in defining and developing the integration point between the two systems to effect seamless transactions for clients.
- Option 3, with the shortest implementation timeline, minimizes any loss in productivity and appears to be a cost-effective approach.

### Developing an integrated portal

Of the three options discussed, an integrated portal may be the most viable. The approach can simplify account opening by promoting standardized processes and enabling reuse of client information. The same process will be followed for all investment and banking products. The client will be able to execute all required documents in one session (See Figure 3). This will reduce the amount of data re-entry and minimize the errors that lead to reconciliation/aggregation issues.

This approach also promises integrated management of ongoing services. Trained staff would have access to tools needed to offer the appropriate products when a client calls for service. It will also be possible to review the profitability of the client across all products. Finally, the portal approach makes it possible to generate dashboard alerts for all account types.

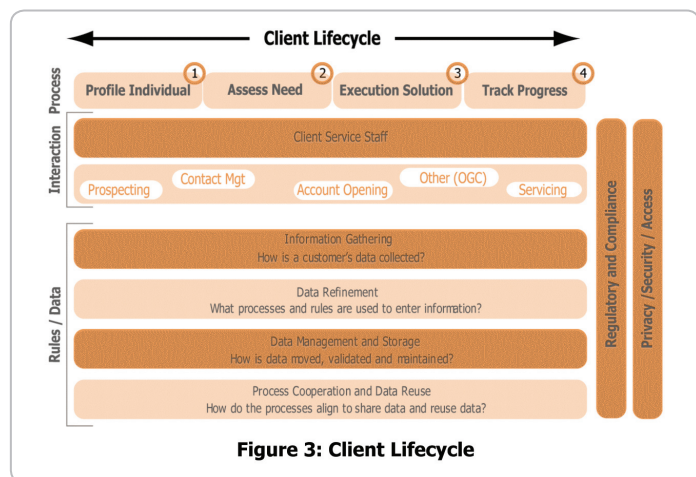


Figure 3: Client Lifecycle

## Overcoming staff resistance to change

Front-line staff may resist selling the new products. This may be especially true of veteran staff members who have been successful using the current systems. The sales staff may fear not being credible when discussing new products and they may be reluctant to trade selling time for training on new products and services. In addition, reward systems may favor traditional products and may not provide sufficient incentive for introducing clients to new products. However, these need not be show stoppers.

- With the right system architecture providing staff with the appropriate tools to cross-sell the full range of the financial services project, a significant lift in sales may be expected.
- Building an integrated front-end portal will mitigate most barriers to expanding a client services staff's product offerings by reducing inefficiencies related to manual forms, learning new systems, and unfamiliar account opening/servicing procedures.
- With the appropriate business rules built into a robust system, originating and servicing new products should be transparent to the clients and the sales staff.

All of these issues can be addressed in the planning and implementation stages.



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