

BANKER'S BRIEF: OPTIMIZING CHANNELS

HUNTINGTON NATIONAL BANK SOUGHT TO REDUCE ITS CYCLE FOR AUTHENTICATING, FUNDING, AND OPENING ACCOUNTS. ACCORDING TO SENIOR VICE PRESIDENT OF ONLINE SERVICES, TIM SCHOLTEN, THE BANK ULTIMATELY GAINED MUCH MORE.

Huntington National Bank is a \$55 billion bank holding company headquartered in Columbus, Ohio, with locations in 12 states. Yet, with the inclusion of online and call center facilities, it serves customers in all 50 states.

Consistent with industry trends, the bank expects to execute and manage at least 25 percent of its customer transactions through these non-traditional channels electronically by 2012. "That's a critical market space—one that we want to be a part of and ready for," said Tim Scholten, Huntington's senior vice president of Online Services. To prepare itself for this market, Huntington began assembling a team to solve the problem and called on strategist and eCommerce expert Cary Serif of West Monroe Partners.

Scholten felt one critical key to better enabling these channels was reexamining how the bank qualified, opened and funded its accounts. In the past, the bank used various manual and disconnected online data sources to gather information. This was followed by a clerical review with standards not intended for today's online model.

To update this process, the bank created a rules-based table that stratified application scoring into several levels. Then, using a new authentication engine to process customer applications, it began grouping applicants in one of three categories: approved, approved with minor review, and declined. For applications that scored in the highest quality tier, the bank now automatically opens a new account—without any human review. Because a large percentage of the bank's target customers is intended to score in this category, the bank's approval processes have become much faster and more efficient.

Before restructuring and automating the new system, qualification took days. Today, it takes minutes to complete the same process, generating higher-quality deposits with very little effort.

The bank was also concerned about reducing its spread on existing customers' deposits as its customers found the higher-yield offer online. A simple review of Huntington's customers' recurring ACH transactions found that there already was significant run-off of existing deposits to other organizations. "We discovered that those existing customers that opted for a Huntington High Yield account actually brought 80 percent more deposits back into the bank from competing financial service companies," Scholten recalled. "What originally was intended as the primary purpose of the project—reducing the time to authenticate, fund, and open an account—wound up being the icing on the cake."

In less than a year, and with limited marketing efforts, Huntington National Bank has added \$100 million in deposits. "We set some reasonable levels of expectations for the first year in terms of new account on-boarding and growth," said Scholten. "But, in fact, our results were far above our original estimates." Because this strategy is applicable across the bank's operations, it is now evaluating its use for the call center as well.

To learn more about optimizing your banking channels, including branches, ATMs, call centers, or online services, contact Geoff Kincaide at West Monroe Partners.

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