GREAT EXPECTATIONS

E-Banking

Some Emerging Formats
Basis Research

- Sloan Foundation Grant to compare use of IT to improve competitiveness
- User strategies to gain competitive advantage through IT
- Identify Best Practice
E-banking Cases

- Traditional: Citibank
- Retailing Network: Ito-Yokado
- Partnering: Nokia
Mixed E-Banking Strategies

- Each Strategy Distinct having many parts (Internet, Phones, Bricks & Mortar)
- But include others due trends Liberalization, IT, Globalization and multiple product
- Examples: Citi has partnering strategy with Ito-Yokado while IY projects to create an advantage include Sanwa and Mitsubishi
Citibank Case

- Leadership International Consumer
- Build Model Branches on Historical Legacy
- Citi-Direct part Multiple Access Strategy
- IT Intensive, but Consumer focused
- Scale Customization Segmentation
Life-Cycle Model

- Target International Professional
- Start Student Loans and Credit Cards
- Evolve with Personal and Professional Life
- Mortgage and Savings Products
- Retirement, Asset Management, Private Banking
E-Citi

- User Aligned, Driven
- User Budget - Geography, Product, Function
- Data Mining Analysis - 100MM Cards
- Call Centers: Response Time, Number Calls, Total Relationship (e.g. address, cards)
- M-phone Emphasis & Initiated Calls Global
Strategic Elements

- Security over Industry Trends, Competition
- Multiple Consumer Contacts and Flexibility
- Reject Bank Acquisition: Problems/Expense
- Capture Total Relationship but Client Choice
- Cross Selling (Citibank, Travelers, Salomon Smith Barney) and Benefits (FX, contacts)
Cyber-Marketing Results

- Enhance Group or Function Productivity
- Improve Marketing and Credit Decisions by linking products, markets, customers
- Reduce Errors and More Consistent, Better Customer Relations (merchants too)
- Constant Evolutionary Improvement
Partnerships

- 724 Solutions
- Phone.com
- Netcentives
- AOL (Internet Transfers)
- MSN (The Future)
IY Case

• IT Intensive and Consumer Focused
• Convenience Stores as Payment Mechanism
• Multiple Delivery Channels
• Add-on Sales (Stamps, FX, Utilities, Books, Packages, Games, Caretaker Meals)
• Partnership Strategy
IY E-Finance Partnerships

- Banking - Sanwa, Mitsubishi/BOT, Citi
- Brokerage - Nomura and Nikko
- Insurance - Sony
- E-commerce - 7dream.com
- Internet Payments - Rakuten Ichiba
Partnering Benefits

- Flexible access IT and business experts
- Ability combine industry and IT expertise
- Expanded user base, low-cost borrowing capacity, cash flow all support growth
- R&D and “embedded” software
- Worldwide reach for rapid globalization
Emergence “E-retsu”

• Though not selected this basis case study firms have formed joint IT projects

• Alternative IT business model to Venture Capital (dot.com) or acquisition (Cisco)

• Toyota, NEC, IY, Citi, Sanwa, NRI, Nomura, Takeda, Nippon Steel (Enicom)
Nokia Case

- Mobile Phone as Payment Mechanism
- Consumer Focus
- Partnering Strategy
- Security
- 3G and Internet
E-Banking Partnerships

- “Transactional Internet will be Wireless”
- 2 Scoot (5100 Series) - Similar Citi-Wallet
- Check Point
- Ramp Networks (Acquisition)
- MeT Initiative with Ericsson, Motorola, Siemens, Matsushita, Sony
Commonalties

- IT & Data Intensive but Consumer Focus - build core competencies, human contact
- Multiple Delivery Access, Results Oriented
- Quality, Low Cost (user-base), Convenience
- User Driven IT, Partnerships, Databases
- Security, Customized IT, Little Outsourcing
Related E-Finance Examples

- Nationwide Financial Services
- Meiji Life Insurance
- Sanwa Bank
- Nomura Research Institute
- Toyota ITS
Conclusions

- Including Internet another set channels distribute and service financial products
- Partnerships key to accessing technology quickly and inexpensively
- Path dependent using existing structures
- Importance of “clicks and bricks”
- Crossing and integration other strategies
E-BANKING
The Future Is Wide Open