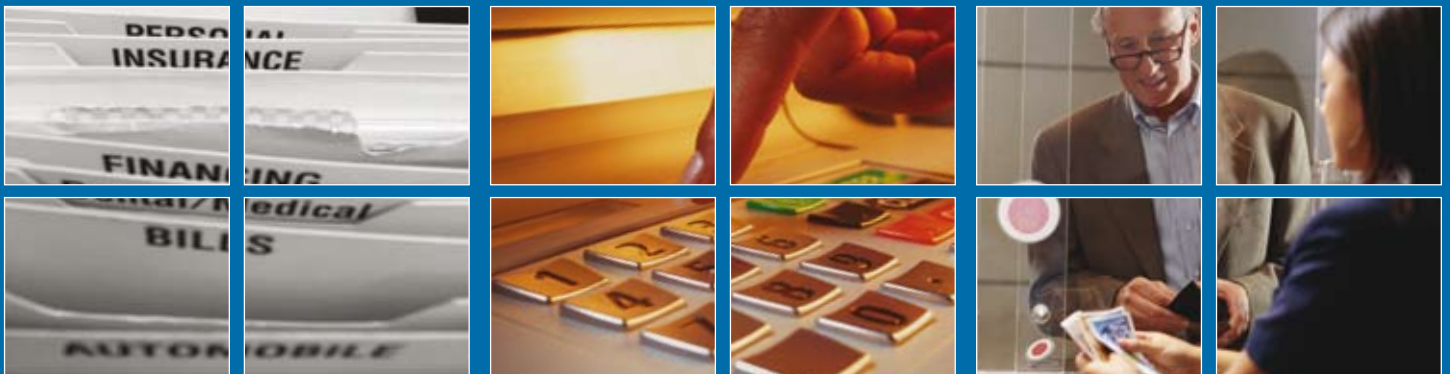


**NEW
RESEARCH**

Cross-Selling in Retail Banking: Meeting the Revenue Growth Challenge

by Steven I Davis, Managing Director, Davis International Banking Consultants



An informed and candid assessment of the challenges and opportunities inherent in cross-selling as a driver of revenue growth

Get the answers to these key questions:

- What are the cross-sell strategies that currently work best?
- Which critical success factors are at the core of 'best-in-class' cross-sell strategies?
- How do you avoid, or minimise 'channel conflict'?
- What's the best approach to motivating and rewarding sales staff?
- What lessons can usefully be learned from other banks' recent experiences?
- Why are some commercial banks so much better at cross-selling than others?



Cross-Selling in Retail Banking: Meeting the Revenue Growth Challenge

Retail bankers are switching their strategic focus from cost reduction to revenue growth, driven by the twin imperatives of achieving cost-effective scale and the need to meet investor expectations of higher annual growth rates in earnings.

This renewed drive for organic growth has made cross-selling a new priority across the banking sector. Other traditional sources of organic growth, such as loan demand, have slowed while adding new clients has become increasingly more expensive as markets grow ever more competitive.

However, the cross-selling 'holy grail' should be approached with caution.

Commercial bankers' new determination to sell more products to their existing client base is no guarantee that they'll actually increase their sales. This is particularly the case in developed markets where customers are more savvy than ever, and, increasingly willing to switch their business, as they face the economic reality of slowing annual growth in household income.

What's more, there's evidence to suggest that consumers in some markets do not necessarily want to buy more from a single bank – a customer mindset that, if true, poses a fundamental challenge to the growth assumptions taking root in many bank boardrooms.

That's why *Cross-Selling in Retail Banking* is such a timely report.

At its core is a series of in-depth interviews, conducted in early 2006, with some 20 leading retail banks in the US, Europe and Asia as well as specialist consultants and other experts in the retail banking sector. It also applies a rigorous research methodology to the evaluation of recent cross-selling initiatives by a number of leading commercial banks, and several independent studies on cross-selling strategy commissioned by market participants and consulting firms. From this primary material, the author identifies and develops 12 contemporary case studies of successful cross-selling that illustrate a variety of strategies.

These include acknowledged leaders such as Wells Fargo and Wachovia in the US, Banco Popular Espanol, Millenium BCP and Svenska Handelsbanken in Europe and Shinsei and HDFC Bank in Asia.

The report concludes with the author's own findings and conclusions, together with his assessment of future trends in cross-selling across the retail banking sector.

Some of the report's findings and conclusions may make for uncomfortable reading in certain quarters. For the author, Steven I Davis, is a 20-year veteran of the international banking sector who is not afraid to tell it as he sees it. But his analysis is no less valid for that.

Indeed Davis' frank, informed assessment of the challenges inherent in retail banking cross-selling should make ***Cross-Selling in Retail Banking*** required reading for bankers around the world.

Particularly those who are serious about making a success of their cross-selling efforts...

Profit from 12 detailed and up-to-date case studies:

- Banco Popular Espanol
- Bankinter
- HDFC Bank
- ING Direct
- KBC
- Millennium BCP
- Shinsei Bank
- Société Générale
- Svenska Handelsbanken
- UniCredit
- Wachovia
- Wells Fargo & Co

Plus 27 one-on-one interviews with leading banking practitioners and industry experts:

Financial Institutions:

Alliance & Leicester
Banco Popular Espanol
Bankinter
Citigroup
HSBC
ING Direct
Lloyds TSB
KBC
Millenium BCP

Nordea

Société Générale
Sun Trust
Shinsei Bank
Svenska Handelsbanken
HDFC Bank
Swedbank
UniCredit
Wachovia
Wells Fargo

Consultants:

Accenture
AT Kearney
Capco
Deloitte
Ernst & Young
McKinsey & Co
Mercer Oliver Wyman
Novantas

Contents

EXECUTIVE SUMMARY

CHAPTER 1 – INTRODUCTION

- What is cross-selling?
- Why is cross-selling important for retail banks?
 - A marked slowdown in household overall revenue growth since the 1990s
 - A corresponding shrinkage in projected retail banking revenue growth
 - The declining impact of other contributors to bank earnings growth
 - A preference for organic growth rather than M & A
 - Conclusion: Sell more to existing clients!
- Report methodology

CHAPTER 2 – PRODUCTS

- What is a 'product'?
- Selecting products for cross-selling
- The issue of long-term investment products and advice

CHAPTER 3 – CLIENTS

- The linkage between cross-selling, account opening and customer retention in relationship-based strategies
- The debate over CRM
- The central role of client segmentation
- Alliances with affinity groups
- The SME segment
- The view of the client: the concept of commitment

CHAPTER 4 – ALTERNATIVE CROSS-SELLING MODELS

- Price led strategy
- Superior service to build a durable client relationship
- A sales culture-led strategy
- Co-branding or joint venture
- Integrated multiple channel cross-selling

CHAPTER 5 – THE FINDINGS OF INDEPENDENT CROSS-SELLING RESEARCH

- The Citigroup – Taylor Nelson Sofres study, 2002
- The AT Kearney-Harris Interactive study, 2005
- The Celent study, 2001
- The JPMorgan study, 2004
- A confidential multi-client study for major US banks, 2006
- Significance of the cross-sell numbers
- Some preliminary observations from the

database

- Structural competition in the form of non-banks
- Structural competition from smaller, local banks who may be closer to the client
- Evidence that presumed client demand for more products from a traditional supplier is a figment of the banker's imagination

CHAPTER 6 – BARRIERS TO SUCCESSFUL CROSS-SELLING

- Weakness in the 'front line' interfacing with the retail client
- A lack of branch staff interest or skills in selling
- Banks may benefit from successful cross-selling, but clients are less enthusiastic
- Other providers may be more credible in providing independent advice
- The failure of major investments in customer relationship management
- Organizational size and complexity
- Mis-selling
- In summary

CHAPTER 7 – CASE STUDIES

- Banco Popular Español
 - Background
 - Cross-selling strategy
 - Evaluation of cross-selling strategy
- Bankinter
 - Background
 - Cross-selling strategy
 - Evaluation of cross-selling strategy
- HDFC
 - Background
 - Cross-selling strategy
 - Evaluation of cross-selling strategy
- ING Direct
 - Background
 - Cross-selling strategy
 - Evaluation of cross-selling strategy
- KBC
 - Background
 - Cross-selling strategy
 - Evaluation of cross-selling strategy
- Millennium BCP
 - Background
 - Cross-selling strategy
 - Evaluation of cross-selling strategy
- Shinsei Bank
 - Background
 - Cross-selling strategy
 - Evaluation of cross-selling strategy
- Société Générale
 - Background
 - Cross-selling strategy
 - Evaluation of cross-selling strategy
- Svenska Handelsbanken
 - Background
 - Cross-selling strategy
 - Evaluation of cross-selling strategy

- Unicredit
 - Background
 - Cross-selling strategy
 - Evaluation of cross-selling strategy
- Wachovia Corporation
 - Background
 - Cross-selling strategy
 - Evaluation of cross-selling strategy
- Wells Fargo & Co
 - Background
 - Cross-selling strategy
 - Evaluation of cross-selling strategy

CHAPTER 8 – FINDINGS AND CONCLUSIONS FROM RESEARCH

- Weak database undermines cross-selling comparisons across banks and markets
- Clients may not want more of their bank's products
- Increased price competition comes with cross-selling
- Long-term investment and savings products grow in importance
- Staff resistance to cross-selling
- Banks with local autonomy adopt customer service as key cross-selling driver
- CRM is not the answer to everything
- The issue of mis-selling
- Difficulties in achieving 'seamless link' between distribution channels
- Who gives advice to clients?
- Difficulties in building personal relationships with clients
- Joint ventures and co-brands 'a curate's egg'
- Different approaches to segmentation
- Alternative cross-selling strategies emphasise different variables
- Anchor products
- SMEs a natural cross-selling 'target'
- More than one approach to incentive compensation
- Organisational obstacles to cross-selling
- Cross-selling success not uniform across network
- Customer satisfaction indices assume increasing importance
- No standard benchmark for cross-selling success

CHAPTER 9 – OUTLOOK FOR THE FUTURE

*Table of contents is preliminary and subject to change prior to publication

Who should read this report – and why?

Heads of Retail Banking and Marketing Managers who want to understand industry best practice and the lessons they can derive for their own business from others' recent experiences – both good and bad - so they can make a realistic assessment of their own prospects for cross-selling success.

Management Consultants who need to know what lessons from others' experiences they can take to their own banking sector clientele, who want a source of comparative data they can use in their own work and who want to ensure they are up-to-speed with industry best practice.

Banking Sector Equity Analysts who need hard data and rigorous analysis that they can use to arrive at a more realistic assessment of real, ongoing growth in earnings per share, be it across the banking sector as a whole or for individual banking stocks.

Business School Academics and MBA students who are looking for a reliable source of information on current banking sector practice in the area of cross-selling, including hard data.

... plus anyone else in retail banking and financial services who wants to know more about the opportunities, challenges and possible pitfalls of cross-selling as a core strategy for growth.

ORDER TODAY →

Cross-Selling in Retail Banking: Meeting the Revenue Growth Challenge

About the Author



Steven I Davis has spent his career in the banking and financial services sector as a senior executive, strategy consultant, author, analyst and teacher. He is a graduate (magna cum laude) of Amherst College and of the Harvard Business School.

His 20-year career in international banking commenced at J.P. Morgan, where he managed a Paris-based research and M&A unit. For Bankers Trust Company, he ran a venture capital subsidiary in New York and, later, the bank's European businesses from a London headquarters. Subsequently he set up and managed for six years the London-based merchant banking subsidiary of First International Bancshares of Dallas, Texas.

Since establishing Davis International Banking Consultants (DIBC) in 1980, he has managed several hundred strategy assignments for commercial and investment banks, global fund managers, insurers and other financial institutions. In 1993, he headed a DIBC team that advised the Norwegian Ministry of Finance on the restructuring of the country's banking sector during the Nordic banking crisis. In addition, he and his colleagues have prepared over 60 financial sector research reports for publication by investment banks and other clients.

Mr. Davis is the author of seven books on the banking sector.

Other research reports from VRL KnowledgeBank

Other research reports from VRL KnowledgeBank

- **Consumer Finance in Russia:** Capitalising on Opportunities for Growth
- **Retail Banking for SMEs:** Ideas and Solutions for Success
- **Retail Financial Services in China:** A Strategic Guide to Success

About VRL KnowledgeBank

VRL KnowledgeBank is a unique global brand renowned for innovative, independent thinking in financial services and professional services markets. Encompassing the publishing and events divisions of the Lafferty Group, we offer over 25 years' experience in the provision of authoritative, value-added information, research and analysis via newsletters, news services and magazines, research reports, conferences and other events.

Our list of blue-chip clients includes:

American Express, ABN AMRO, Accenture, Barclays Bank, Banksys, Carrèfour, Citibank, Credit Suisse, Deutsche Bank, Ernst & Young, Europay, GE Money, HSBC, ING, JP Morgan, KPMG, MasterCard, McKinsey, The Royal Bank of Scotland, Société Générale, Standard Chartered

Fax your order to: +44 (0)20 7563 5601

Order Details

- Yes, I would like to order **Cross-Selling in Retail Banking: Meeting the Revenue Growth Challenge** £1,297/€1,920/US\$2,295
(Product Code: 3330 ISBN: 1-905457-60-X) *Please add postage and package charge of £34 / US\$55 / €58
- PDF Version:** 2 user licence £2,197 + VAT (UK Only) / €3,196 / US\$3,955

Your Details

Mr/Mrs/Ms _____ First Name _____
Family Name _____
Job Title _____
Company Name _____
Address _____

Postcode / Zip _____
Country _____
Telephone _____
Fax _____
E-mail _____
Type of business _____

Payment Details

- Cheque enclosed for _____, made payable to VRL Publishing Ltd.
 Please invoice me/my organisation.
 Charge my Visa/MasterCard/American Express

Card no:

Expiry date: Security Code:

Cardholder name: _____

Signature: _____

VAT Number: _____

Please quote reference code:

For further information and to place your order:

London, UK

VRL KnowledgeBank,
32 Porchester Road,
London, W2 6ES
Tel: +44 (0)20 7563 5600
Fax: +44 (0)20 7563 5601
Email:
marketing@vrlknowledgebank.com

Singapore

VRL KnowledgeBank,
3 Philip Street #08-02
Commerce Point, Singapore 048693
Tel: +65 6383 4688
Fax: +65 6383 5433
Email:
asiapacific@vrlknowledgebank.com

Data Protection Act:

The information you provide will be held on our database and may be used to keep you informed of VRL KnowledgeBank Ltd, and our associated company products and for selected third party mailings. Please tick the box if you would prefer not to be contacted for these purposes by us.

- VRL KnowledgeBank Associated Companies Third Party Mailings