Don't Let Internal Bill-Pay Rivalry Send Customers to Other Banks

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By Peggy McHale and Sandi Webster

Most financial institutions support three separate departments for bill payment: online banking, credit, and debit card bill payments.

These departments are each given specific goals, which often conflict. One department may concern itself with revenue generation, another with the number of activated cards or interest brought into the company.

Online and credit card bill payment products are often set up as competitors instead of a cohesive effort to attract and retain customers. In addition, credit and debit card bill payment business units rarely share strategies - the debit card operation usually resides on the branch side of the business.

Credit and debit cards have different rewards programs. This confuses customers and increases costs, by creating dual infrastructures. Customers have too many rewards to keep track of, and they usually pick one product type even though the other may be more suitable.

Employee incentive programs are often divisive as well. Imagine rewards of $1 for signing up an online banking customer and nothing for signing a debit card bill payment customer. The result is predictable.

The separation of online banking and card bill payment has led customers to get these services from more than one bank, though research shows they would rather do their banking with only one. Customers will be likelier to stay with yours if these products work in concert.

If you look into an average customer's portfolio of bills and how they are paid, you may see the following:

- Cell phone bills, Internet service provider bills, and monthly transit tickets: automatic payment on credit card (because of rewards points accumulation).
- Utility bills: automatic payment from a checking account (because many utility companies do not accept credit cards).
- Cable bill: monthly payment by telephone to a credit card (because many cable companies do not have the infrastructure for automatic bill payment).
- Mortgage, water, and sewer bills: online payment from checking accounts (many customers want to ensure that these bills are being paid on time but do not want automatic payments).
- Daily drugstore and supermarket purchases: payment by debit card (small everyday items are usually paid for this way).

So make it clear to employees and customers that each of the payment products has unique benefits, and that the bank is just offering variety. Instead of bombarding customers with direct mail or online messages for each individual product, use a cohesive message that says:

"Here are the many ways you can pay your bills with us. We're offering you a choice."

Community banks are in the best position to benefit from collaboration among the online banking, credit bill payment, and debit card bill payment departments - because community banks have good relationships with their customers and move faster than the larger banks.

But community banks must be aware that national banks, which once paid little attention to customers with small balances, now consider them crucial, because they are the most loyal customers.

Breaking down walls between the three areas requires a companywide, top-down strategy. You can leave them separate if they work together - but make them focus on acquiring and retaining customers for the bank, not for themselves.

Set up a task force from the different areas to create a prototype for the integrated offering, set milestones, and implement a trial. Joint goals must supersede departmental ones; employee behavior must change.

Also, senior management must buy into the new plan and stop using the old ways of measuring employee performance.

Ms. McHale and Ms. Webster are the principals of Consultants 2 Go, a marketing firm with offices in New Jersey. and Brooklyn, NY.