



Learning to Navigate in Uncharted Territory Declining Revenues and Increasing Costs Have Banks Fighting to Sustain Profitability

Until recently, the U.S. banking industry has seen an almost constant flow of increasing revenues. But thanks to a troubled U.S. economy, the subprime crisis, and an ongoing credit crunch, financial institutions are finding themselves in unfamiliar territory -- a financial landscape of steadily declining revenues coupled with increasing costs. The U.S. banking industry's operating income dropped by more than 70 percent in the fourth quarter of 2007, its lowest level since the recession of the early 1990s. Cost reduction and management have become the key business imperatives for banks in 2008, and more than likely, into 2009.

The Need for Cost Reduction Brings Difficult Decisions

It is projected that in order to maintain their profit margins, U.S. banks will need to cut operating costs by as much as 15 percent in 2008. This will include significant reductions in headcount. But reducing headcount is only a temporary measure as banks will need to move away from the quick fix mentality and design and deliver cost management programs and tools that sustain long-term cost reduction and containment.

Industry Resource

The banking cost management study "[Strategic Expense Management in the US Banking Industry](#)", published by the international research and consulting firm Celent, with management consulting firm Oliver Wyman, suggests that without a careful understanding of cost drivers, many programs fail to deliver results in the short term, and can actually worsen the situation in the medium term. Most frequently headcount is reduced,

Download the Article, [Strategic Expense Management in the US Banking Industry](#), NOW!

Fiserv is pleased to provide complimentary, value added knowledge resources that contribute to stronger consulting engagements.

The Money Management Institute Technology and Operations Committee Announces New Leadership

The Money Management

but existing inefficient workflows are left in place. Banks don't effectively address underlying cost drivers, and expenses are simply moved around or deferred rather than eliminated. When massive headcount reductions are used as cost-cutting measures, banks can be left understaffed and unable to take advantage when economic situations brighten.

Cost Management Programs Need to Target the Underlying Cost

The study further groups the underlying cost drivers and potential cost management solutions into three broad categories:

- Organization - eliminating duplication, sharing services or simplifying the organizational chart (assessing span of control, shifting staff and maximizing their production)
- Process Design - redesigning processes to improve efficiency, automating tasks and consolidating or outsourcing services
- Sourcing - controlling internal demand, rationalizing and renegotiating vendor agreements to improve management of spending

Understanding these drivers is crucial for any solid cost management program to be effective. Each driver must be fully evaluated in the context of what is needed to win in both the customer and talent markets. Further, recognizing, understanding and categorizing each cost as either good or bad is critical for aligning the bank's cost management program with its long-term strategic agenda. And lastly, and perhaps most importantly, the corporate culture must support the program by eliminating the culture of entitlement (large corner offices, opting out of shared services, etc.). Senior management must stress the benefits of cost management to all employees in their respective areas and provide incentives for individuals to abide by those values. Similarly, employees who regularly demonstrate noncompliance with the cost management culture should be penalized accordingly if any cost-cutting program is to be successful.

Fiserv Resource

As noted, key initiatives for successful cost-cutting can be directed toward process management (streamlining front-to-back office operations). The business process management suite Premier® Expedite, from Fiserv, today deployed to ITI and PCS clients, streamlines virtually all customer interactivity such as new account boarding to inter-office processing for a financial institution, helping to both reduce cost and increase productivity.

Premier Expedite provides engineer-based workflow with integrated customized business rules enabling:

Institute (MMI) announced that Cheryl Nash, a Senior Vice President Fiserv, was selected as Committee Co-chair of the Tech and Ops Committee. Ms. Nash joins Kevin Miller, Senior Vice President with Dreyfus Investments in leading the committee.

[Read complete news release](#)

Fiserv Honored as 2008 Microsoft Partner of the Year for Global ISV Line of Business

Fiserv announced it has won the 2008 Microsoft Partner of the Year Global Independent Software Vendors (ISV) Line of Business Special Recognition award. The company was chosen from an international field of top Microsoft partners as delivering market-leading customer solutions built on Microsoft technology.

[Read complete news release](#)

Banco do Brasil Partners with Fiserv for New Venture

Fiserv announced a new partnership with Brazilian banking giant Banco do Brasil. The financial institution has been operating successfully in the U.S. since 1969, but this year, the \$160-billion bank has a new initiative for its U. S. division, to focus on underserved Brazilian immigrants through the creation of Federal Savings Bank.

- Streamlined business processing, including one-time customer data entry, automatic population of required forms and customer data and auto archiving from one session
- User-defined data collection elements that allow for complete customization of business rules workflow processing
- Integrated forms management that automatically and electronically generates the proper forms at the correct times during a wide array of processes
- Sophisticated customer data gathering tools, including magnetic stripe and bar code data collection
- User-defined thresholds that trigger action events, such as customer e-mails for large deposits or welcome letters for new account generation
- Automatic generation of completion checklists and approval forms
- Simplified software installations, patch release downloads, new employee PC setups, hardware maintenance
- Cross-sell opportunities during the critical account opening process
- Knowledge preservation of tasks

[Read complete news release](#)

Upcoming Events

Fiserv is attending these upcoming trade shows

[CBA Home Equity](#)

September 7-9
Austin, TX

[More events](#)

With Premier Expedite, every process in our organization is standardized and efficient. The solution guides users through each step in a process, enabling accurate completion. Before using Premier Expedite, only a handful of staff members knew the steps to perform specific tasks. Now, more people are able to complete a greater number of tasks, and we can ensure everyone is using the same process.

-Vicki Daily, Five Points Bank

The ability to establish workflows and pass those efficiencies to staff in other areas is invaluable. With Premier Expedite, nothing gets dropped, nothing gets missed. This solution meets our goal of providing the highest level of services to our customers.

-Sharla Borg, Nicolet National Bank

To request more information about Fiserv Premier Expedite, please e-mail Samuel Venhaus at Samuel.venhaus@iti.fiserv.com.

To learn more, contact Joan Skimmons at general_info@fiserv.com, 800-872-7882 or 262-879-5000.

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