Call Center Outsourcing for the Community Bank

8 Reasons to Use an Outsourcing Provider

An exploration of the efficiency gains and other tangible benefits to retail banking by partnering with a call center outsourcer

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Global Call Center Trends

For businesses of all sizes and in nearly every industry, call/contact centers now play a central role throughout the customer cycle – from identification to acquisition and service. A dynamic contact center orchestrates resources and capabilities to align with customer expectations and business objectives. It enables organizations to rapidly respond to the changing dynamics of customer service and the business environment.

According to Avaya Research, statistics show that global front-office BPO (Business Process Outsourcing) services, of which call center outsourcing is a major category, have been growing at more than 10% per year since 2005. And this trend has accelerated since the recent recession.

Call center outsourcing has been growing at more than 10% per year since 2005.
– Avaya Research

Also, there has been a major backlash against off-shoring – where the outsourcing company is located in a different country – amidst heavy criticism from many state and local governments as well as large numbers of frustrated consumers. The result is many of those jobs are now coming back to America.

So why are companies increasing their usage of third party call center services? For many years previous to 2011 the primary reason given for investing in call centers was consistently to reduce operating costs. However, interestingly, recent call center industry research has pointed toward increasing customer satisfaction as the new #1 priority for call center investment.

San Francisco-based Ventana Research, a leading benchmark research and business technology advisory services firm, recently conducted an extensive analysis of call center trends across numerous industries.[1] In their *Agent Performance Management Benchmark Research* report they asked company CEOs for their top reasons for investing in call center outsourcing; here are the results:

- 54% Increase Customer Satisfaction
- 18% Reduce Operating Costs
- 10% Adhere to Regulations
- 7% Gain Competitive Advantage

This research and others like it highlight a key, global call center investment priority shift from purely cutting cost to one of customer experience and customer satisfaction/retention.

Community Bank Call Center Trends

While community banks have fallen far behind the business community in general and also well behind other types of financial institutions when it comes to utilizing call center outsourcing services, they are quickly catching up with the trend as more banks are now adopting an outsourced, or co-sourced, model and many others are seriously evaluating its merits. Why so? What banking business factors are contributing to this trend?

Abound's bank survey findings provide us clues as to why bankers are increasingly adopting call center outsourcing services.

In its recent report entitled *Insights Into 2013: Regulations, Rates, and Recovery Dampen Optimism at Community Banks*, Abound Resources shares the results from its annual survey of hundreds of senior banking executives across the U.S. about their priorities, plans, and concerns for the upcoming year. Abound's survey findings provide us clues as to why community bankers are increasingly interested in pursuing call center outsourcing services. We will highlight some of these findings in the appropriate sections throughout this document.

What are Typical Bank Call/Contact Center Outsourcing Services?

Let's first define exactly what these call center outsourcing services encompass. Bank call center outsourcing providers, depending upon their degree of interface to your core data processing system, can provide a very comprehensive level of inbound call support to your customers 24/7. In addition, they can handle customer emails and web chats. An outsourcer can supplement your internal customer service efforts by taking overflow calls during the workday as well as after-hours and/or weekend calls. This "co-sourcing" model is by far the most commonly selected choice among financial institutions. The bank can decide what volume of customer calls they wish to pass to the third party company; some choose to pass nearly all of their calls.

Inbound customer services call/email/web chat support (including taking loan applications by phone) is principally what we're referring to in this white paper, though third party providers may offer additional services to include online consumer loan applications, outbound calling services, and collections services.

When the third party inbound contact support vendor is being used to supplement the bank's primary internal call center, or customer services department, a more appropriate term often used is "co-sourcing," with the term "outsourcing" used when the third party assumes the primary inbound call center role for the bank. However, since outsourcing is the more commonly known term for these types of services, and for simplicity, we'll use only the word "outsourcing" throughout this document to describe any scenario where a bank is utilizing a third party vendor, no matter to what extent.

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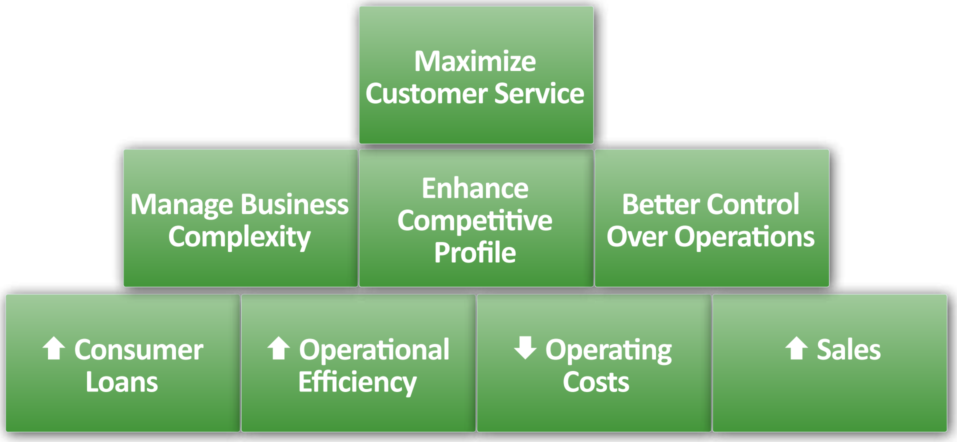
The level of service provided will depend on the capabilities of the specific core system interface. Typical outsourced, inbound call services provided include:

- Real-time interface to the bank's core processing system
- Inquiry into total customer account portfolio including loans
- Inquiry into total customer account history including loans
- Knowledge base of specific bank information
- Electronic ticketing to log and track all customer calls
- View customer notes, system alerts, ACH transactions, holds, NSFs, bank marketing promotional messages, delinquency info
- Transactions include transfers, stop payments, calculate dividends, check ordering, take consumer loan applications, make loan payments, loan advances, PIN resets (home banking/IVR/mobile), debit card (inquiry, activation, close/block, limit changes), credit card (inquiry, activation, close, limit changes), etc.
- Automated workflow between outsourcer and bank to pass any desired customer requests back to the bank for handling.

Top 8 Reasons to use a Bank Call Center Outsourcing Provider

So why should your bank consider investing in call center outsourcing services? We've adopted the pyramid approach to display the top eight most commonly cited reasons by community banks. Since the current global top priority for call center investment is to increase customer satisfaction and that goal clearly aligns with banking industry goals, we've placed that at the pinnacle of the pyramid. The four benefits on the bottom of the pyramid form a solid foundation to build on; the three above that result from and add to the foundational benefits, and these seven reasons/benefits collectively contribute to the top cited reason and ultimate business goal of Maximizing Customer Service.

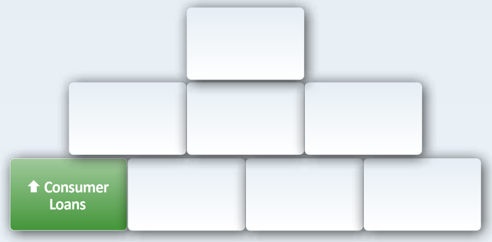


The priority of reasons will differ from one bank to the next. Some of these may apply to your bank; others may not. There is some inevitable overlap among these benefits.

The four benefits on the bottom of the pyramid form a solid foundation to build on; the three above that result from and add to the foundational benefits, and these seven reasons/benefits collectively contribute to the top cited reason and ultimate business goal of Maximizing Customer Service.

1. Increase Loans

Abound Resources' survey report *Insights Into 2013: Regulations, Rates, and Recovery Dampen Optimism at Community Banks* highlights the top bank CEO growth priorities.[2] While growing commercial loans and mortgage loans top the list, growing consumer loans is still a high priority for many community banks. This is an area where a third party outsourcer can assist.



The top bank CEO growth priorities for 2013 center around increasing all types of loan demand.
—Abound Resources bank survey report

Most third party call center outsourcers will provide the capability to take consumer loans, including home equity loans, over-the-phone 24/7. This gives the bank customer an expanded window of time to apply for a loan, enhancing customer access and convenience. The application is taken and delivered by the third party to the bank for final approval/fulfillment. Typically, the bank only pays a nominal fee to the outsourcer per application taken.

In addition, many outsourcers also provide an online loan application offering. This allows the bank customer to quickly and easily apply for any kind of consumer loan online, via a link off the bank's website.

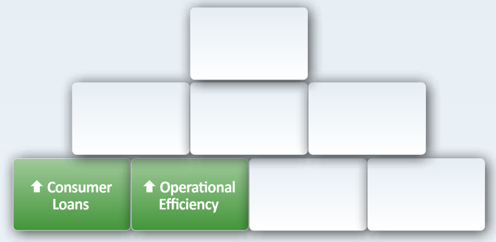
Most outsourcers have their own software for inputting customer loan applications taken over the phone; often times this software is not interfaced to the bank's lending or core systems so the information must be passed to the bank and re-keyed by bank personnel.

At AnyHour Solutions we provide an enhanced service where we will take the loan application over-the-phone, but using the bank's web-based lending system. The key advantage here is the web-based application is often already interfaced to the core so the app may be automatically populated with stored customer account information, and the completed app is interfaced into the core, eliminating the need to have an employee rekey this information. This reduces the amount of time it takes for the outsourcer to complete the customer session and streamlines the entire loan application process.

Some outsourcers will take the loan application over the phone, and input it using the bank's web-based lending system to streamline the process.

These outsourced lending services all lead to increased consumer loan volume and profitability for the community bank.

2. Increase Operational Efficiency



The Abound Resources survey report for 2013 notes: "The regulatory burden is overwhelmingly the biggest concern of CEOs, followed by the low interest rate environment and the weak economic recovery. These concerns are driving CEO top priorities – grow commercial loans, address regulatory requirements, and dramatically improve efficiency." [3]

The slow pace of economic recovery and low interest rate environment have CEOs focused very heavily in 2013 on efficiency improvements.
– Abound Resources bank survey report

Efficiency improvements can mean different things to different bankers and can derive from a variety of sources such as improving personnel performance, reducing facilities cost, improving technology utilization, automating internal process workflows, improving branch profitability, improving bank staff utilization, possibly reducing headcount, and reducing operating costs. These last three are the primary efficiency areas a third party call center outsourcer can benefit.

The key ingredient for a successful contact center operation includes proper integration of people, processes, and technology to affect the highest efficiency levels. Third party call center outsourcers specialize in effectively and seamlessly integrating these three critical areas in order to help achieve an entirely new level of customer service and satisfaction. This benefit then accrues to the outsourcer's community bank clients and their customers.

I. Bank Efficiency Gains

a. ***Bank Staffing.*** Many banks that employ an internal call center will use a third party provider to assist during peak times during the day (normally first thing in the morning, around lunch time, and in the late afternoon). This allows the bank to staff to a certain level without having to overstaff to cover peak times. In addition, after hours and weekend internal staffing is typically inefficient and more subject to disruptions. A third party is there to take those calls 24/7 and the bank simply pays a nominal per-minute or per-application fee.
For those banks not employing a formal internal call center, you can feed as many customer calls as desired to the outsourcer, leaving your staff for more critical functions and potentially reducing employee headcount.

b. ***Manage Through Business Disruptions.*** A bank's internal call center is at risk every day for business disruptions (i.e., agents and/or supervisors out due to illness, medical leave, vacation, turnover, etc.) In a small call center it only takes one or two absences to begin elevating hold times and call abandon rates. A third party provider can always be there, in the background, to alleviate peak time call volumes and help respond to any disruptive situations..

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c. ***Handling Call Spikes.*** Due to their scale, third party providers can normally comfortably handle spikes in call volumes that can occur for a myriad of reasons (i.e., bank promotional programs, new product introductions, system conversion issues, phishing scams, etc.) This alleviates the bank from having to staff-up to handle this increased volume or suffer through poor call handling; the result is efficiency gains in staffing and better customer service.

d. ***Disaster/Emergency Backup.*** Some outsourcers provide their services as part of a bank's business continuity plan to be used in the event of a disaster or emergency. However, by using a third party outsourcer for at least some of your customer calls, they are then in a position to potentially fully back up your customer service efforts in the event of a disaster/

emergency. For example, the bank may need to close the office unexpectedly due to a snowstorm, hurricane, power outage, etc. But your outsourcer can continue taking your customer calls, emails, and web chats. Process efficiencies are gained as a result.

e. ***Expand hours without adding staff or infrastructure.*** As banks grow, many experience the problem of having no space to house additional call agents. To do so can be costly and inefficient. Utilizing a third party provider to supplement their in-house call center in essence allows the bank to handle increased customer call volumes and expanded hours without having to add additional staff or infrastructure.

II. Outsourcer Efficiencies (Economies of Scale)

a. ***Technology.*** Many banks now sit on systems and applications that have grown over time in all directions and at this point are rapidly coming apart. Call center service providers tend to have better access to the rising tide of new technologies (e.g., agent workflow systems, state-of-the-art phone/ ACD systems, customer relationship management software, front-end call center systems, and the various on-demand/ cloud computer solutions – to name just a few). Outsourcer economies of scale make these technology capabilities more affordable, and their bank clients receive the resulting technology efficiency benefits without having to invest the large sums to do so.

b. ***Agent Training and Infrastructure.*** Today's call center agents need an expanding skill set to include not just strong phone skills, but also the ability to craft an email response or handle online text chat sessions to the customer's satisfaction. There may be a need to interface via social networking technology (i.e., Facebook, Twitter, LinkedIn). Call center agents are expected to access the customer's contact information utilizing the applicable scripts and knowledge base to address questions during a live conversation. The need for ongoing, enhanced agent training and the required infrastructure support is growing and increasingly difficult to keep up with. Third parties tend to be better at these functions since they're laser focused on providing these services across multiple financial institutions and must be equipped to respond to a large variety of customer service demands and requirements.

c. ***Innovation and speed-to-market.*** The outsourcer has the infrastructure, staff and domain expertise to move quickly on your behalf to new market opportunities.

III. Outsourcer Efficiencies (Other)

a. ***Engaged Agents.*** In a recent study Gallup found that 15% of US workers were "disengaged." As evidenced by very high call agent turnover levels, this percentage is likely even higher in our nation's call centers. Disengaged employees cost their employers on average 46% of their salaries in lost productivity.[4] Disengaged employees have a 23% probability of turnover within 12 months, compared to less than 1% probability among highly engaged employees.[5] More disturbing than the hard costs of turnover are the costs associated with disengaged employees that stay with our companies. Their effect on lost productivity can be devastating.

As a result, many outsourcers strongly focus their attention on employee satisfaction/engagement. Some are much more successful than others. As an example, AnyHour Solutions has been able to maintain average call agent tenure at more than 5 years and annual agent turnover rates less than 10% for the last 10 years running. This level of agent engagement well exceeds the call center norm.

b. ***Shrinkage.*** Shrinkage is defined as the time call agents are not logged into the phone/ACD system taking customer calls. Shrinkage categories include absenteeism, tardiness, vacations, holidays, breaks, training, coaching, team meetings, projects, paperwork, call research/follow-up, emails, and knowledge base work. According to Knowlagent's 2011 call center industry survey, the average call center industry shrinkage rate is 26%. By industry, outsourcers reported the lowest percentage of agent time spent in shrinkage at just under 20%.[6] Here again, outsourcers are able to adopt technologies and strategies for making their call agents more efficient that banks either cannot justify or are unaware of.

c. ***Loan Application Efficiency.*** As mentioned earlier, some outsourcers are willing to take consumer loan applications 24/7 using the bank's web-based lending system to ensure the information is automatically integrated to the bank's lending or core systems, thereby eliminating any need for bank staff to rekey loan app information. In addition, the loan application is automatically populated with customer account information stored on the core system, eliminating the need for the outsourcer to ask the customer for this information and thereby greatly streamlining the process. This comports well with internal workflows and compliance requirements.

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3. Decrease Operating Costs

Sliver-thin interest margins, reduced consumer demand for loans, the reduction of interchange income, and paltry return on their own investments have combined to make banks search for non-interest income and effective operating expense reduction measures. Community banks are finding ways to reduce expenses and overhead, maximize their profits and expand their capabilities by using third party call centers that specialize in serving customer needs.

Costs of Insourcing

In addition to the obvious costs of CSR wages and benefits (normally calculated at 25% of CSR wage rate), a bank must also factor in additional operational costs of an internal call center that are often overlooked or underestimated. Here's a look at some of these other cost areas and how they are normally factored into an insourcing vs. outsourcing cost comparison:

Supervision. Any contact center with more than a handful of agents must have a supervisor. Using the conservative assumptions of an agent to supervisor ratio of 10 to 1, and a supervisor's salary at 10% greater than the agents, then the cost of supervising is equal to 11% of the MSR wage rate plus benefits.

Overhead. Everyone is familiar with overhead that includes items such as rent, utilities, insurance, furniture, training, payroll, legal, etc. For call centers, there are IT costs as well, which include specialized hardware (servers, PCs, headsets, phone systems, etc.), software (front-end systems, ACD, IVR, call recording, workflow management, call analysis, etc.), and network costs (VoIP integration, high speed internet, WAN connectivity, etc.) Industry standards are to factor in these overhead costs at 25% of the CSRs total salary plus benefits plus supervision.

Turnover/Attrition – Hard Costs. Financial industry cost estimates range from $5,000 to $20,000 to put an agent to work (i.e., recruiting, hiring, training, etc.)[7] A conservative industry estimate is to consider hard turnover costs to average 15% of a CSRs salary plus benefits plus supervision.

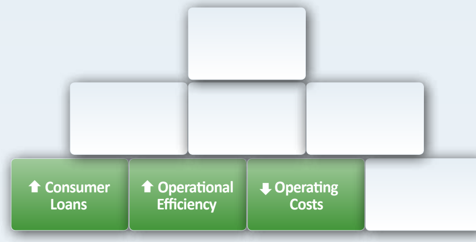
Other Turnover Considerations

No matter the industry, call centers are infamous for turnover. The costs of turnover can be the single largest cost variable in a call center and the one most often overlooked. A well run call center may enjoy a modest 10% annual turnover rate, though it is generally accepted that 30% - 60% annual turnover is most common in the call center industry; in many call centers it's even higher.

So who really cares about agent turnover anyway? Well, it depends.

- **If it concerns the effort involved in hiring 30-60% of the workforce every year, human resources does.**
- **If it concerns the length of time it takes for new hires to become proficient, or even adequate, supervisors do.**
- **If it concerns how much all this costs, operations then cares.**
- **If it concerns the impact of turnover on customer loyalty, then the executive suite should care.**

What is becoming clearer to community banks is that the impact of agent turnover/attrition is usually well underestimated because of multiple partial owners, but collectively needs to be factored into any outsourcing cost analysis.



FREE COST ANALYSIS:
AnyHour Solutions has constructed a cost analysis calculator that factors in these various cost variables listed in this section. It's called *The Contact Center Insourcing vs. Outsourcing Cost Comparison*. You can use this tool to construct your own internal cost analysis.

To obtain a free copy of this spreadsheet, please email your request to Steven Holmes, VP Strategic Development, at **sholmes@anyhoursolutions.com**. Please include your name and bank name.

Turnover/Attrition – Hidden Costs. Hidden losses from agent turnover include lost productivity from reduced morale/engagement of remaining employees, potentially resulting in increased absenteeism and even more turnover; lost institutional knowledge; and lost business. These soft, hidden costs can easily dwarf the hard costs, but can vary a lot and are difficult to quantify. Turnover is a silent killer of profits and cannot afford to be ignored.

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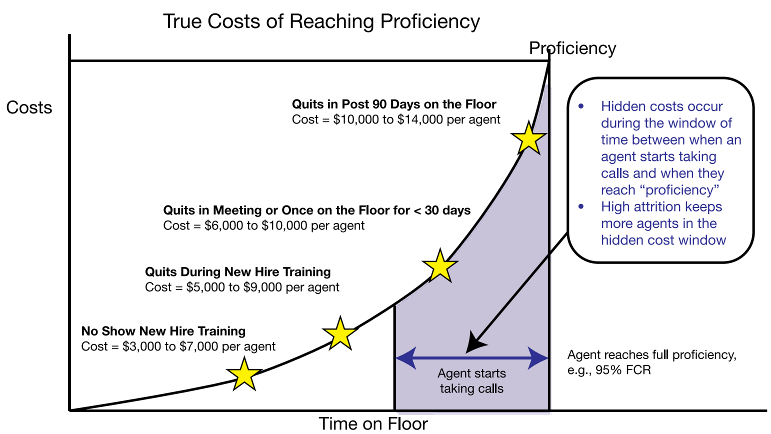
In addition, call center industry researchers have discovered that every 10% of agent turnover has been shown to lead to 1% of customer churn.[8] Again, with an industry average rate of 30 - 60% annual turnover, this can hamper customer loyalty/retention and have significant negative impact on a community bank's financials.

In addition, call center industry researchers have discovered that every 10% of agent turnover has been shown to lead to 1% of customer churn.

Most people would agree that new agents do not provide the same level of service as experienced agents. Considering a conservative 30% annual turnover rate, this means that one out of every three call agents answering the phone at any time is new, and typically less than proficient. Call center leaders are aware of the problems this phenomenon causes. With the large percentage of customers who churn solely based on customer service, the impact of less than proficient agents can be enormous.

The following chart shows the area of hidden cost, in relation to the hard costs, of agent attrition to give a somewhat more complete picture of the true costs of reaching agent proficiency.[9] Though difficult to quantify, community banks must also factor these hidden costs of insourcing into their cost analysis of outsourcing.



And again, these costs of turnover (hidden costs as well as hard costs) are all absorbed by an outsourcer; they simply charge a per-minute fee for calls taken. Outsourcers are keenly aware of the costs of turnover and take great strides to minimize their agent turnover rates. For example, one provider, AnyHour Solutions, has experienced an annual agent turnover rate less than 10% for each of the last 10 years. These cost savings are then factored into their prices and passed on to their clients.

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Banks that consider all cost factors in their analysis will normally determine they can save significantly by using an outsourcing provider.

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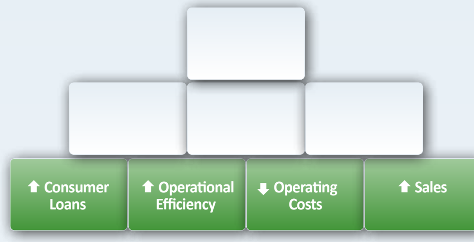
Location Advantage

In addition, many third party call center providers are located in areas more outlying to major metropolitan areas. This allows them to keep their relative labor costs down; this savings can then be passed on to their financial institution clients.

4. Increase Sales



A call center outsourcer can be a "strategic asset" for your community bank. Their services and policies should be consistent with and complement the bank's strategic vision, brand, and goals.

The Abound Resources survey report for 2013 notes: "And while improving sales and marketing methods remains the cheapest and easiest way to improve revenues, it still rates as just the fifth CEO growth priority. Our guess is that this is, in part, because CEOs don't know who to task with doing the difficult sales management tasks of assigning sales goals, analyzing officer call and pipeline reports, and the like."[10]

Improving sales and marketing methods remains the cheapest and easiest way to improve revenues.
–Abound Resources bank survey report

Most call center front-end software systems used by call center outsourcing companies are designed simply to facilitate the typical inbound customer service session and not go beyond that. Others might offer the ability to input loan applications and some basic scripting for cross-selling and outbound calling purposes. Here are common services provided to help facilitate sales:

- **24/7 Coverage.** Providing 24/7 phone support for your customers not only enhances their convenience, but also opens up opportunities to sell additional bank products 24/7.
- **Inbound Cross-Selling.** Most outsourcers provide at least some level of cross-selling services on inbound calls. These services typically involve simply cross-selling more loans or other services after accessing the customer's credit report, possibly with some basic scripting incorporated.
- **Outbound Calling Services**. Some outsourcers provide outbound calling services in addition to taking inbound customer calls. These services can be utilized to increase sales. Types of outbound calls include:
  - ➪ Customer Welcome Calls to thank them for joining the bank and making them aware of additional services.
  - ➪ Product/Service Awareness Calls to introduce new products/services, special promotions, customized cross-selling opportunities, etc.
  - ➪ Relationship-Building Calls to let them know you appreciate their business and are prepared to serve them with a full suite of financial products/services.

Advanced Sales Capability of Some Front-End Call Center Systems
However, some outsourcing centers employ front-end software systems that not only provide these basic services, but go well beyond by delivering advanced capabilities that can greatly enhance the sales activities of their client banks. These systems pull data in real-time from an institution's core processing system to support a consistent, personalized selling effort. Banks can optionally deploy this technology in-house to reap the benefits of enterprise workflow and sales pipeline support capabilities, and be able to seamlessly pick up right where their outsourced call center agents "leave off" to bring sales to a successful close. Features include:

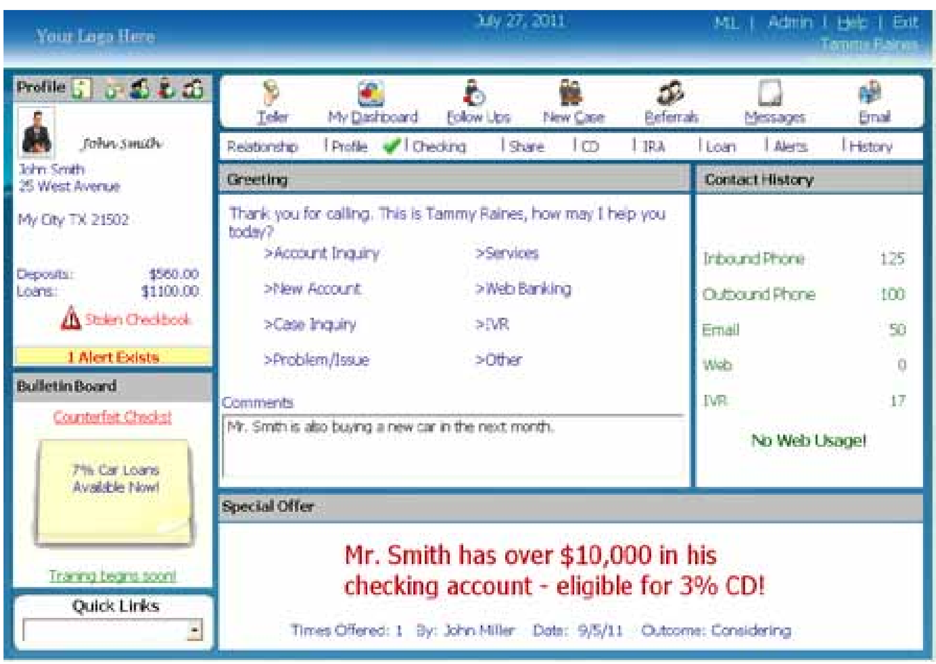
Some outsourcing centers employ front-end software systems that not only provide these basic services, but go well beyond by delivering advanced capabilities that can greatly enhance the sales activities of their client banks.

- **Enhanced profile of each customer relationship** presents a summary of information about the customer, their accounts, contact history, issue management history and sales opportunities. This profile can also include personalized messages that prompt call center agents to pursue highly relevant cross-selling opportunities.
- **Customer contact database** that houses details of all customer interactions (from all channels – i.e., call center, website, chat session, email, IVR, ATM, branch, teller, mobile/text, social media, back-office). This information is drawn

from a bank's core processing system and combined with CIF, MCIF and data from third party sources to streamline service delivery, identify sales opportunities and personalize marketing and sales offers.

- **Personalized rules engine** to use knowledge about each customer's needs and interests when delivering service or selling bank products.
- **Sales messages and cross-selling prompts** based on personalized customer data ensure outsourcing agents are working with the bank's most up-to-date customer information and product promotions.
- **Customer "screen pops"** automatically link inbound calls with the customer profile, allowing personalized and consistent customer greeting. The profile can show all account summaries and contact history as well as personalized sales messages and scripted prompts for quick and easy access.
- **Referrals and prospect management** to automatically route product/service referrals to the relevant contact(s) at the bank based on a pre-defined workflow.
- **Follow-up "ticklers" and escalation processes** including routing, calendaring and management oversight to ensure proper follow-up, achieve sales targets and adhere to relationship management strategies.

With all this information at their fingertips, your outsourced call center and/or an institution's agents can more effectively pursue customer sales opportunities within the flow of customer service and also initiate desired, personalized, outbound campaign efforts. The below screen shot is from one of these advanced front-end call center systems – KIVA Group Inc.'s Respect™ Call Center Solution.



Advanced call center systems also deliver exceptional management reporting capabilities including:

- **Detailed management reporting for the outsourcer** to track and share with its clients everything that transpired during a customer interaction; not just the duration of a phone call, but more importantly the nature of the discussion and what sales opportunities may have been identified and/or already captured.
- **Detailed management reporting for the bank client** to immediately see what, if any, actions are required to close any outstanding sales as well as easily measure the sales performance of the outsourcing team.
- **Organization-wide dashboards** that monitor and track call center activities, statistics, messaging, performance, notifications and more. Institutions are able to “see” the impact of sales promotions and marketing campaigns in real-time.

The capabilities of these advanced call center solutions allow outsourcing agents to sell and market to customers within the flow of service, serving as a natural extension of the institution’s team. The technology gives banks and their outsourced service providers the ability to identify new opportunities, deliver sales and marketing messages, execute and track marketing campaigns in real-time and capture sales through a single process.

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5. Manage Business Complexity

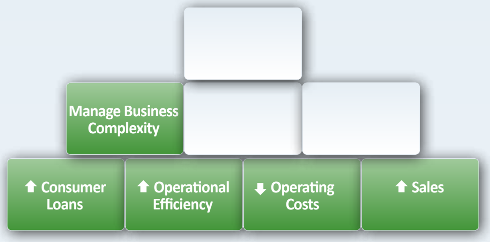
Closely aligned with gaining operational efficiencies is the need to reduce business complexity. Trends toward outsourcing have picked up speed again since the current recession as firms seek to rid themselves of increasing complexity.

IBM recently released its biennial global CEO study entitled *Capitalizing on Complexity* where they interviewed over 1500 CEOs in person throughout 60 countries and across 33 industries. The results show the biggest challenge confronting CEOs is the rapid escalation of "business complexity." 80% expect it to continue and accelerate in the coming years, and most CEOs seriously doubt their company's ability to cope with it effectively.

A recent industry study by the Boston-based research firm Celent finds that FIs are fast disappearing under the weight of tech products, competition, compliance and their own inefficiencies. The study claimed that previously smaller institutions simply required a branch or two, a core banking system and an ATM, but in the past 10 years "Internet banking, bill pay, know your customers and compliance requirements have altered the environment. FIs are finding it difficult to keep up with the ever-increasing intricate product sets and channel offerings necessary in order to stay with the curve."[11]

So how can a third party call/contact center outsourcer help you better manage business complexity?

- **Efficiency Gains.** Refer back to section 2, Increase Operational Efficiency, for a discussion of all the efficiency gains to be realized by using a third party outsourcer. These efficiency gains have the added benefit of reducing the day-to-day complexity of running your business.
- **Simplified Infrastructure.** With less call center staff comes less need for the infrastructure to support these agents (e.g., phone/ACD technology, front-end call center software, PCs and other hardware, recording software, workforce management systems, physical office space, IT resources, etc.) A third party can eliminate the need to expand current facilities or lease additional space to accommodate growth.
- **Business Continuity Solution.** Some outsourcers provide their services as part of a bank's business continuity plan to be used only in the event of an emergency. However, by using a third party outsourcer for at least some of your customer calls, they are then in a position to potentially fully back up your customer service efforts in the event of a disaster/emergency. For example, the bank may need to close the office unexpectedly due to a snowstorm, hurricane, power outage, etc. But your outsourcer can continue taking your customer calls, emails, and web chats. This added benefit of using an outsourcer can simplify your BC planning process and reduce the complexity of your overall disaster strategy.



The biggest challenge confronting CEOs is the rapid escalation of "business complexity."
— IBM's biennial global CEO study

6. Enhance Competitive Profile

How can a call center outsourcer make your community bank more competitive?

24/7 Offering. Outsourcing your call/contact center services can help increase scale by giving you 24/7 phone support coverage, thereby keeping you competitive with even the biggest banks, and at a very nominal cost. Studies have shown that accessibility impacts perception of quality. You can gain greater market share, reach a wider audience, and provide better services when employing an outsourced call center.

We're seeing an increase in big banks offering call center services 24/7. A prominent recent advertisement for 24/7 phone support is from Ally Bank; they even show a real-time-updated call center customer wait time right on their website home page.

Scale is King. The same Celent study referenced in the previous section found that smaller institutions don't have the scale to create the various product offerings required to remain competitive in today's economy. Many lack the infrastructure to run all the myriad, necessary systems in-house or have the buying power to drive service bureau pricing down. The report concluded that "running a financial institution requires a greater scale than in the past, owed in large part to increased regulatory measures, channel support, product proliferation and branch-ATM coverage."

This scale issue was addressed in greater detail in the earlier section on Increasing Operational Efficiency. An outsourcer can take advantage of their inherent economies of scale in various ways, the benefits of which can then be passed on to and realized by their community bank clients.

Stronger Financials. All the above topics as well as the four foundational benefits already discussed will benefit your bank financially. Increasing loans, increasing operational efficiency, reducing operational expenses, and increasing sales all work to make your bank a financially stronger institution and therefore more competitive.

Additional Products/Services. In addition to 24/7 inbound call center services, many outsourcers will make additional services available to their clients (e.g., outbound calling services, online loan applications, and collections services). Some even offer mortgage and reverse mortgage processing services to their customers. Some of these services may be difficult or inefficient to provide by the banks themselves so can further increase scale and your bank's competitive profile.

Outsourcing your call/contact center services can help increase scale by giving you 24/7 phone support coverage, thereby keeping you competitive with even the biggest banks, and at a very nominal cost.

7. Better Control Over Operations

A third party call center outsourcer can not only help you manage business complexity and enhance your competitive profile, but at the same time you can gain better control over your operations.

Call Control. The call center outsourcer can take on whatever load of customer calls the bank dictates. This becomes one less area to manage day-to-day allowing you to concentrate on more critical matters. The bank dictates which calls to be taken by the outsourcer and which need internal employee attention.

Reduce Internal Call Center Staffing Problems. Community bank call centers tend toward high agent turnover/attrition rates, which are then accompanied by added time and expense for hiring and constant retraining. With an outsourcer, these responsibilities for hiring/training their agents is 100% theirs. In addition, a good outsourcer will enhance the quality of your service, giving you one less thing to worry about and better control over other operational issues.

Improved Employee Morale/Retention. Employing a third party outsourcer will often times improve the morale of your internal bank employees.

For banks without a call center, employees can get bogged down by the never-ending barrage of customer service calls. Policies for answering these calls can vary from a single receptionist to anyone internally available to overflowing to branch personnel. These calls can lead to reduced productivity and employee burn-out as well as lost opportunities to better serve customers in more critical, more profitable ways.

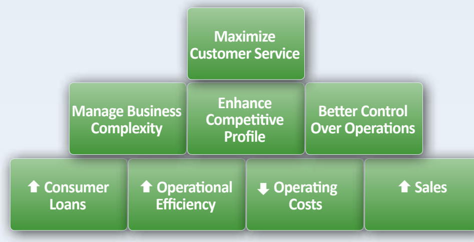
For those banks with a call center, at certain times the call volume can overwhelm agents and the infrastructure they have to work with. This can lead to reduced morale and increased turnover, a huge problem for many customer service departments.

A third party provider is there to supplement/complement your customer service efforts by taking calls whenever the need arises. This can greatly smooth out your daily customer service efforts thereby improving employee morale, reducing attrition rates, and enhancing your ability to control the operation. Plus you free your valuable employees up to handle more business-critical issues.

Monitor Outsourcing Operation. A good outsourcer will provide an automated "work queue" to the bank of all calls taken by the outsourcer that require handling by someone from the bank staff. By automating this process you're sure nothing falls through the cracks. In addition, you should receive a full complement of reports to help you analyze outsourcer activity in detail to help monitor commitments, identify call trends, and react accordingly.

Redeploy Capital. Outsourcing not only allows your staff to concentrate on more important business tasks, but also the cost savings of outsourcing frees up critical capital that can be invested on other bank growth strategies.

8. Maximize Customer Service



We've finally arrived at the top of our pyramid. The four foundational reasons for partnering with a third party call center outsourcer each allow your community bank to better manage increasing complexity, become more competitive, and gain better control over operations. These seven reasons/benefits then collectively enhance the pinnacle reason for partnering: maximizing the level of service to the lifeblood of your organization, your customer.

In addition to the many outsourcing benefits detailed throughout this white paper, here are some others that enhance customer service:

Reduce Call Hold/Wait Times, Talk Times and Abandonment Rates. Due to factors such as high agent turnover rates and inadequate call center infrastructure, many banks experience unacceptable call hold times and call abandonment rates. And inexperienced agents can also lead to excessive call handle times. These factors can strongly impact customer satisfaction/retention.

Due to factors such as high agent turnover rates and inadequate call center infrastructure, many banks experience unacceptable call hold times and call abandonment rates.

40% of consumers have stopped doing business with a company solely due to a poor call center experience. Customers who do not have their issues resolved are eight times more likely to defect. [12]

A third party outsourcer can always be there, in the "background," to assist with taking customer calls during the day. Your internal phone system is set up to automatically transfer the call as dictated (e.g., after so many rings and no one has answered, after the customer has been on hold for a certain period of time, etc.) Again, the outsourcing partner answers the call in the bank's name. This way you ensure your customer's needs are attended to in an acceptable time period with hold times and abandoned calls minimized. After hours the bank's phone system is set to immediately pass the incoming call to the outsourcer.

A good outsourcer will maintain the proper staffing and infrastructure to meet proper service levels in terms of customer hold times, call handle times, and call abandonment rates.

Transparent Service. Third party provider's systems know where the call is coming in from and allow the agent to answer the call using the bank's name, making the transaction essentially transparent to the customer. As far as they know, it's a bank employee taking their call.

Focused Industry Knowledge/Experience. Some outsourcers have a tremendous amount of experience in providing customer services; often times their agents are far more experienced than those working at the bank. For example, AnyHour Solutions has been providing call center services to financial institutions for just under 20 years – longer than any other company. On average their agents have taken over 25,000 consumer loan applications and handled well over 100,000 customer service calls.

AnyHour Solutions call agents have taken on average over 25,000 consumer loan applications and 100,000 customer service calls.

Hiring and Training Expertise. Outsourcers typically are highly proficient at knowing the best avenues for obtaining employees with the required skill set. Agent skill level then impacts sales and service call quality.

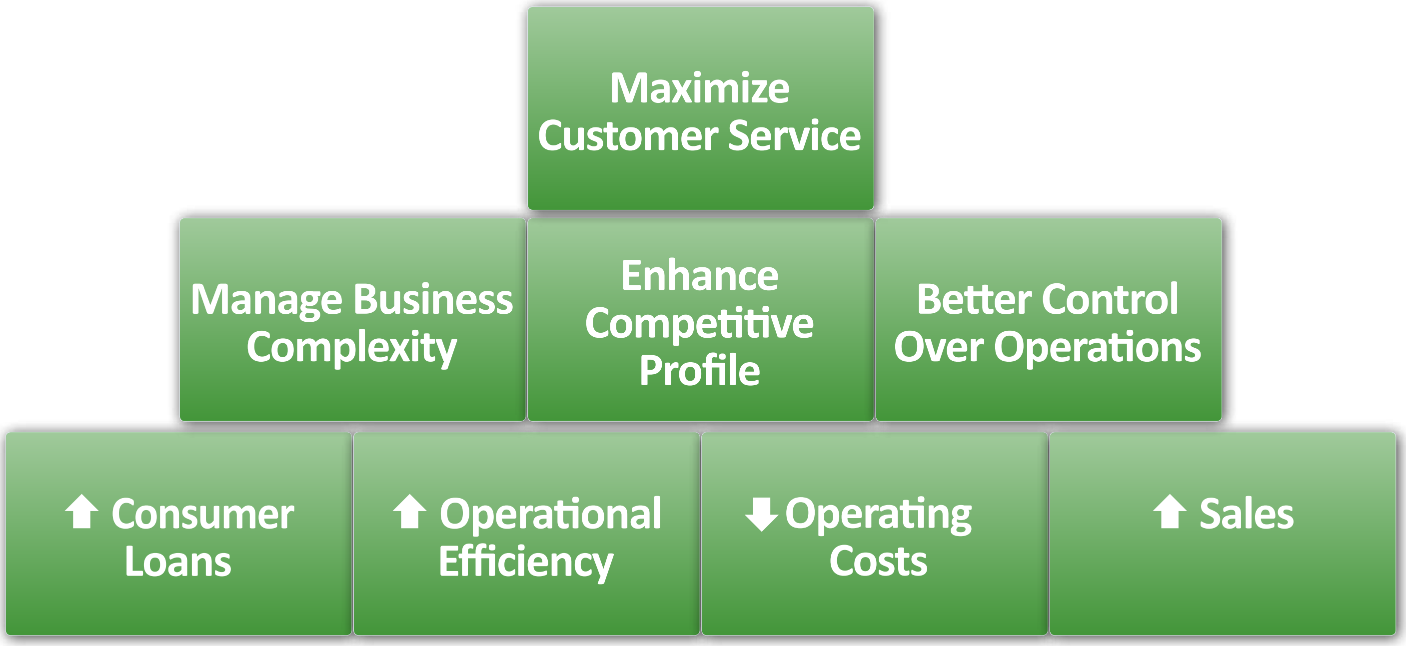
Conclusion

In today's community bank, your call center outsourcing provider needs to be more than just a vendor but rather a strategic partner. It becomes clear that when the solution provider understands the needs and objectives of the organization, both companies can work towards creating superior outcomes.

Community banks continue to mirror the global trend of increasing utilization of third party call center providers. Outsourcers have been providing call center services now to financial institutions for many years and with a great deal of success. Call center outsourcing has proven to be beneficial and without having to sacrifice the quality of customer service provided.

In this white paper we've explored how the four foundational reasons for partnering with a third party call center outsourcer (increase loans, increase operational efficiency, decrease operating costs, and increase sales) contribute to the more general benefits of managing complexity, enhancing competitiveness, and establishing better control over operations.
These seven reasons/benefits then collectively enhance the pinnacle reason and ultimate goal for partnering: Maximizing Customer Service.

Our pyramid is now complete. Thanks for going on this journey with us. We sincerely hope this information makes a positive contribution to your community bank.



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About AnyHour Solutions

AnyHour Solutions (**www.anyhoursolutions.com**) is a highly flexible, adaptable provider of comprehensive, 24/7 contact center services for financial institutions via our AnyHour MSR and AnyHour Loan-By-Phone services. AnyHour Solutions has been providing contact center services to FIs for just under 20 years, longer than any other company. Highlighted by the industry's most experienced staff of agents and a turnover rate under 10%, our contact center goal is to provide **"Service They Will Remember."** In addition, AnyHour also provides online loan application functionality as well as a full suite of mortgage processing services. Our purpose is to help our financial industry partners to enhance service to their customers, increase loan volume, and reduce operating expenses. For additional information contact Steven Holmes, VP Strategic Development, at 888.622.8696, sholmes@anyhoursolutions.com.

FREE COST ANALYSIS

AnyHour Solutions has constructed a cost analysis calculator that takes into consideration the various cost variables mentioned in this white paper. It's called *The Contact Center Insourcing vs. Outsourcing Cost Comparison*. You can use this tool to construct your own internal cost analysis. To obtain a free copy of this spreadsheet, please email your request to Steven Holmes, VP Strategic Development, at **sholmes@anyhoursolutions.com.** Please include your name, title, and bank name.