# Quinte Financial Technologies | FinTech Solutions

**Assignment on**

**CHECKING ACCOUNT, SAVINGS ACCOUNT,**

**CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING AND**

**BRANCH NETWORK MANAGEMENT**

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# Checking Account

A transaction account, also called a checking account, chequing account, current account, demand deposit account, or share draft account at credit unions, is a deposit account or bank account held at a bank or other financial institution; that allows the account holder to deposit and withdraw cash.

Checking accounts are highly liquid and can be accessed using checks, ATMs, debit cards, and electronic debits, making them ideal for day-to-day financial transactions.

**Types of Checking Accounts**

* **Basic Checking**: Standard account with essential features for everyday banking.
* **Interest-Bearing Checking**: Offers interest on the account balance, typically requiring a higher minimum balance.
* **Student Checking**: Designed for students, often with reduced fees and relaxed minimum balance requirements.
* **Senior Checking**: Tailored for seniors, often featuring lower fees and additional benefits.
* **Joint Checking**: Shared between two or more individuals, typically used by couples or business partners.

**Important Terminology:**

* **Account Number-** A unique identifier assigned to each checking account, used for processing transactions and identifying the account.
* **Routing Number-** A nine-digit number used to identify the financial institution where the account is held. It’s essential for processing checks and electronic transactions.
* **Overdraft Protection-** A service that links a checking account to another account or a line of credit to cover transactions that exceed the available balance, preventing overdrafts.
* **Direct Deposit-** An electronic transfer of funds directly into a checking account, commonly used for receiving paychecks and government benefits.
* **ACH (Automated Clearing House) Transfers-** Electronic payments and transfers processed through the ACH network, including direct deposits, bill payments, and peer-to-peer transfers.
* **Monthly Maintenance Fee-** A fee charged by some financial institutions for maintaining a checking account. Many banks waive this fee if certain conditions are met, such as maintaining a minimum balance or setting up direct deposits.
* **Minimum Balance Requirement-** The minimum amount of money that must be kept in the account to avoid fees or to qualify for certain account benefits.

Other Checking Account Fees:

* **Check fees: This fee is charged when you order paper checks. Some checking accounts still offer free checks, but it’s increasingly less common. Other common check-related fees include fees for cashier’s checks, counter checks and money orders.**
* **Foreign transaction fees: When you use your debit card abroad, whether to make a withdrawal at an ATM or a point-of-sale purchase, you may be charged a foreign transaction fee. This fee can range from 1% to 3% of the purchase total, though some accounts charge none at all.**
* **Wire transfer fees: When you send or receive a wire transfer, you’ll usually pay a fee to process the transaction. Domestic wire transfer fees can range from $0 to $30, and international transfers often cost more.**
* **Stop payment fees: When you write a check or initiate a transfer and need to cancel payment before it’s processed, you’ll generally pay a stop payment fee. Many checking accounts charge between $25 and $30 per stop payment order.**
* **Paper statement fees: In an effort to reduce waste and save on printing and mailing costs, banks often encourage customers to opt into digital statements. If you want paper statements, you may pay a paper statement fee—typically around $2 each.**
* **Card replacement fees: If you lose the debit card attached to your checking account, you may be charged to replace it. Some accounts charge more for expedited shipping.**

**Example: Best Checking Accounts of 2024 as per Forbes**

|  |  |  |  |
| --- | --- | --- | --- |
| **Bank/ Credit Union** | **Annual Percentage Yield** | **Minimum Deposit Requirement** | **Monthly Maintenance Fee** |
| **PenFed Credit Union Access America Checking** | 0.15% to 0.35%  0.35% on balances of $20,000 and up to $50,000 | $25 | $10  (waivable with monthly direct deposits of $500 or more or daily balance of $500 or more) |
| **Discover Cashback Debit Checking** | N/A  (Earn 1% cash back on up to $3,000 in debit card purchases each month) | $0 | $0 |
| **Citibank Access Account Package** | 0.03% | $0 | $5 or $0 |
| **Axos Bank Rewards Checking** | Up to 3.30%  on balances up to $50,000 | $50 | $0 |

Popular checking accounts with five of the largest banks in the U.S.:

1. Chase Total Checking®: $12 monthly service fee, waivable with $500 or more in electronic deposits per month, a minimum daily balance of $1,500, or an average combined balance of $5,000 across qualifying Chase accounts
2. Bank of America Advantage SafeBalance Banking®: $4.95 monthly service fee, waivable for qualifying student account holders under 25 years old, all account holders under 18 and Preferred Rewards members
3. Citi Regular Checking: $15 monthly service fee, waivable with $250 or more in Enhanced Direct Deposits, for Citi Savings or Citi Accelerate Savings accounts, or for Citigold Private Client, Citigold or Citi Priority customers
4. Wells Fargo Everyday Checking: $10 monthly service fee, waivable with a $500 minimum daily balance, $500 or more in qualifying electronic deposits, and for account holders aged 17 to 24 or students with a linked Wells Fargo Campus ATM Card or Campus Debit Card
5. U.S. Bank Smartly® Checking: $6.95 monthly service fee, waivable with $1,000 or more in direct deposits, a minimum daily balance of $1,500, for account holders over 65 or under 24, for military members, and for eligible U.S. Bank credit card holders or qualifying Smart Reward® tier members.

# Savings Account

A savings account is a bank account at a retail bank or a financial institution that typically earns interest on the deposited funds. Savings accounts are designed to help individuals save money while keeping their funds easily accessible.

Common features include a limited number of withdrawals, a lack of cheque and linked debit card facilities, limited transfer options and the inability to be overdrawn. Transactions are commonly recorded electronically and are accessible online.

Savings accounts normally pay interest as well: almost all of them accrue compound interest over time.

**Types of Savings Accounts**

* **Basic Savings Account**: A standard account with a low interest rate and minimal requirements.
* **High-Yield Savings Account**: Offers a higher interest rate, usually available online.
* **Money Market Account**: Combines features of savings and checking accounts, often with higher interest rates and balance requirements.
* **Certificates of Deposit (CDs)**: Time-bound deposits with fixed interest rates, usually offering higher returns for longer terms.

**Important Terminology:**

* **Interest Rate-** The percentage at which interest is paid on the money in the savings account. It is usually expressed as an annual percentage yield (APY).
* **Annual Percentage Yield (APY)-** The actual rate of return earned on an account over a year, taking into account the effect of compounding interest.
* **Minimum Balance Requirement-** The minimum amount of money that must be maintained in the savings account to avoid fees or to qualify for the interest rate.
* **Compound Interest-** Interest calculated on the initial principal and also on the accumulated interest from previous periods. Compounding can be daily, monthly, quarterly, or annually.
* **Withdrawal Limit-** A federal regulation known as Regulation D limits the number of certain types of withdrawals and transfers from a savings account to six per month.
* **FDIC Insurance-** Savings accounts at FDIC-insured banks are insured up to $250,000 per depositor, per bank, providing protection for the deposited funds.
* **Deposit Slip-** A form used to deposit money into a savings account, listing the amounts of cash and checks included in the deposit.

**Example:**

1. **Wells Fargo:** Way2Save Savings Account

* **Interest Rate**: 0.15% APY
* **Minimum Balance to Earn Interest**: No minimum balance required to earn interest
* **Monthly Service Fee**: $5
* **Ways to Avoid Monthly Fee**:
  + Maintain a $300 minimum daily balance
  + Set up and maintain a recurring automatic transfer of $25 or more each fee period from a linked Wells Fargo checking account
  + Be under the age of 18 (19 in Alabama) and the primary account owner

1. **JPMorgan Chase:** Chase Savings

* **Interest Rate**: 0.01% APY
* **Minimum Balance to Earn Interest**: No minimum balance required to earn interest
* **Monthly Service Fee**: $5
* **Ways to Avoid Monthly Fee**:
  + Maintain a $300 minimum daily balance
  + Have at least one repeating automatic transfer of $25 or more from your Chase checking account each month
  + Link to a Chase Premier Plus Checking℠ or Chase Sapphire℠ Checking account
  + Account owner is under the age of 18

1. **Citigroup:** Citi Savings Account

* **Interest Rate**: 0.05% APY
* **Minimum Balance to Earn Interest**: No minimum balance required to earn interest
* **Monthly Service Fee**: $4.50 (varies by state)
* **Ways to Avoid Monthly Fee**:
  + Maintain a $500 minimum balance in your Citi Savings Account or a combined average monthly balance of $1,500 in eligible linked accounts
  + Have a linked Citi checking account
  + Be over the age of 62

Example: Best High-Yield Savings Accounts of 2024

|  |  |  |  |
| --- | --- | --- | --- |
| **Account** | **Annual Percentage Yield** | **Minimum Deposit Requirement** | **Monthly Maintenance Fee** |
| **UFB Secure Savings** | Up to 5.25% | $0 | $0 |
| **Bask Interest Savings Account** | 5.10% | $0 | $0 |
| **LendingClub High-Yield Savings Account** | 5.00% | $100 | $0 |
| **Quontic Bank High Yield Savings** | 4.50% | $100 | $0 |

# Customer Relationship Management in Banking

Customer Relationship Management (CRM) is a strategic approach to managing interactions with current and potential customers. It leverages data analysis about customers' history with a bank to improve business relationships, focusing on customer retention and driving sales growth.

Key functionalities:

1. **Customer 360 View:**

* Provides a comprehensive view of each customer, including account information, transaction history, and interactions across all channels.
* Enables bankers to see a customer's full relationship with the bank at a glance.

1. **Lead and Opportunity Management:**

* Tracks potential customers from initial contact through conversion.
* Manages sales pipelines for various banking productsand services.

1. **Case Management:**

* Handles customer inquiries, complaints, and service requests.
* Tracks case resolution times and customer satisfaction metrics.

1. **Marketing Automation:**

* Enables targeted marketing campaigns based on customer segments and behaviors.
* Tracks campaign performance and ROI.

1. **Analytics and Reporting:**

* Provides real-time insights into customer trends, product performance, and team productivity.
* Offers customizable dashboards for different roles within the bank.

1. **Mobile Access:**

* Allows bankers to access customer information and perform tasks on-the-go.
* Enables customers to interact with the bank through mobile apps integrated with Salesforce.

1. **Integration Capabilities:**

* Integrates with core banking systems, credit scoring platforms, and other financial tools.
* Enables a seamless flow of information across different bank departments.

1. **Compliance and Security:**

* Offers robust security features to protect sensitive financial data.
* Helps banks maintain compliance with regulations like GDPR, CCPA, and banking-specific rules.

1. **AI-Powered Insights (Einstein AI):**

* Provides predictive analytics for cross-selling and upselling opportunities.
* Offers next best action recommendations for customer interactions.

1. **Community Cloud:**

* Facilitates customer self-service portals and online communities for specific banking products or services.

1. **Workflow Automation:**

* Automates routine tasks and approval processes, improving operational efficiency.
* Ensures consistent follow-up on customer interactions and opportunities.

1. **Partner Relationship Management:**

* Manages relationships with third-party service providers, agents, or brokers.
* Tracks referrals and partner performance.

1. **Wealth Management Tools:**

* Offers specialized features for financial advisors to manage high-net-worth clients.
* Provides portfolio management and goal-based planning tools.

1. **Loan Origination and Servicing:**

* Supports the entire loan lifecycle from application to approval and servicing.
* Tracks loan performance and manages collections processes.

1. **Branch and ATM Management:**

* Helps manage branch operations and track ATM performance.
* Provides location-based services to customers.

1. **Customer Journey Mapping:**

* Visualizes and optimizes the customer experience across various touchpoints.
* Identifies areas for improvement in the customer journey.

1. **Social Media Integration:**

* Monitors and manages bank's social media presence.
* Enables social listening for brand sentiment and customer feedback.

1. **Event Management:**

* Organizes and tracks customer events, seminars, and financial education programs.

1. **Document Management:**

* Stores and manages customer documents securely within the CRM.
* Ensures easy access to important files while maintaining compliance.

1. **Voice of Customer:**

* Collects and analyzes customer feedback through surveys and other channels.
* Helps in identifying areas for service improvement.

**Core CRM Platforms:**

1. **Salesforce Financial Services Cloud:** 
   * Market share: 35%
   * Key features: AI-powered insights, unified customer view, compliance tools
   * Example: Bank of America uses Salesforce to manage customer relationships across retail, wealth management, and business banking divisions
2. **Microsoft Dynamics 365 for Financial Services:** 
   * Market share: 22%
   * Key features: Seamless Office 365 integration, Power BI analytics, customer onboarding automation
   * Example: HSBC implemented Dynamics 365 to unify customer data across 65 countries

**Data Analytics Tools:**

* Tableau: Used by 43% of banks for visual analytics
* Power BI: Adopted by 38% of banks for data visualization and reporting

Example: Wells Fargo uses Tableau to analyze customer behavior across 70 million customers, leading to a 15% increase in cross-selling effectiveness

**Customer Engagement Platforms:**

* Adobe Experience Cloud: Adopted by 28% of banks for omnichannel marketing
* Pegasystems: Used by 18% of banks for customer service automation

Example: Citibank uses Adobe Experience Cloud to deliver personalized content across web, mobile, and email, resulting in a 12% increase in digital engagement.

**Key Trends:**

1. **Market Size**
   * The global banking CRM market was valued at approximately $11.3 billion in 2023
   * Projected to reach $19.7 billion by 2028
   * CAGR of 11.8% during the forecast period
2. **Adoption Rate**
   * Approximately 78% of US banks have implemented some form of CRM system
   * Large banks (>$10 billion in assets): 95% adoption rate
   * Mid-size banks ($1-10 billion in assets): 82% adoption rate
   * Small banks (<$1 billion in assets): 65% adoption rate
3. **Key CRM Providers**
   * Salesforce: 35% market share
   * Microsoft Dynamics: 22% market share
   * Oracle: 15% market share
   * Other specialized banking CRM providers: 28% combined
4. **ROI and Benefits**
   * Average ROI of CRM implementation in banking: 245%
   * Customer retention improvement: 23% on average
   * Cross-selling effectiveness increase: 17% on average
5. **AI and Machine Learning Integration**
   * 62% of banks using CRM have integrated AI/ML capabilities
   * Predictive analytics adoption in CRM: 55% of banks
   * Chatbots and virtual assistants (48% adoption)
   * Personalized product recommendations (42% adoption)

**Example:** JPMorgan Chase's COIN (Contract Intelligence) program uses ML to analyze commercial loan agreements, reducing 360,000 hours of work to mere seconds.

1. **Mobile CRM**
   * 83% of bank employees access CRM systems via mobile devices
   * 47% increase in mobile CRM usage since 2021
2. **Data Privacy and Security**
   * 92% of banks cite data security as a top priority in CRM implementation
   * Average annual spending on CRM security: $1.2 million per bank
3. **Customer Satisfaction**
   * Banks with advanced CRM systems report 28% higher customer satisfaction scores
   * 73% of customers expect personalized banking experiences
4. **Integration Challenges**
   * 65% of banks report difficulties integrating CRM with legacy systems
   * Average time for full CRM implementation: 14 months
5. **Future Outlook**
   * 89% of banks plan to increase CRM investments in the next 3 years
   * Focus areas: AI integration (76%), omnichannel capabilities (68%), real-time analytics (62%)

**Recent Developments in CRM for Banking:**

1. **Open Banking Integration:**

* Adoption rate: 37% of banks have integrated open banking APIs into their CRM systems
* Benefits:
  + Enhanced data sharing (73% of banks report improved data quality)
  + Improved product personalization (64% increase in relevant offers)

Example: Barclays' API integration allows real-time account aggregation in their CRM, improving financial advisory services

1. **Voice and Conversational AI:**

* Market growth: 156% increase in voice AI adoption since 2022
* Use cases:
  + Voice-based authentication (42% of banks)
  + Conversational banking assistants (35% of banks)

Example: Capital One's "Eno" AI assistant handles over 3 million customer interactions monthly, reducing call center volume by 28%

1. **Blockchain in CRM:**

* Adoption rate: 12% of banks have piloted blockchain in CRM
* Applications:
  + Secure customer identity management
  + Transparent transaction history

Example: Santander's blockchain-based international payment system integrated with CRM for real-time tracking and customer communication

1. **Hyper-personalization**

* Investment: Banks increased spending on personalization tech by 38% in 2023
* Results:
  + 23% increase in customer engagement
  + 17% improvement in customer retention

Example: Bank of America's "Life Plan" feature in its app offers personalized financial guidance based on CRM data, used by over 10 million customers

**Challenges in CRM Implementation:**

1. **Data Integration and Quality**

* Issue: 65% of banks report difficulties integrating CRM with legacy systems
* Impact: Poor data quality leads to $15 million annual losses for the average financial institution
* Solution strategies:
  + Data cleansing and enrichment (adopted by 78% of banks)
  + API-led integration (implemented by 56% of banks)

Example: A mid-size regional bank spent 18 months and $5 million to consolidate data from 7 legacy systems into a unified CRM

1. **Regulatory Compliance**

* Concern: 92% of banks cite data security and compliance as top priorities
* Challenges:
  + GDPR compliance (affects 43% of global banks)
  + Evolving local regulations (67% of banks struggle to keep up)
* Investment: Average annual spending on CRM security and compliance: $1.2 million per bank

Example: A large European bank faced a €50 million fine for GDPR violations related to CRM data handling

1. **Change Management and User Adoption**

* Issue: 52% of CRM implementations fail due to inadequate user adoption
* Strategies:
  + Comprehensive training programs (87% of successful implementations)
  + Phased rollout approach (64% adoption rate)

Example: A major US bank achieved 94% user adoption by gamifying the CRM learning process and offering incentives for early adopters

1. **ROI Measurement**

* Challenge: 58% of banks struggle to accurately measure CRM ROI
* Key metrics:
  + Customer Lifetime Value (used by 73% of banks)
  + Net Promoter Score (adopted by 68% of banks)

Example: A national retail bank developed a custom ROI dashboard, revealing that their CRM investment yielded a 327% return over 3 years, primarily through improved cross-selling and reduced churn

1. **Balancing Automation and Human Touch**

* Dilemma: 76% of banks report challenges in finding the right balance
* Customer preference: 64% of customers prefer human interaction for complex financial decisions
* Solution: Hybrid models (adopted by 53% of banks)

Example: A wealth management firm implemented a "tech-touch" model, using AI for routine interactions but routing complex queries to human advisors, resulting in a 31% increase in client satisfaction

# Branch Network Management

Branch network management in banking involves the strategic planning, operation, and optimization of physical branch locations to ensure efficient customer service delivery and operational effectiveness.

**Objectives :**

1. Customer Accessibility: Ensure convenient access for customers to banking services through strategically located branches.
2. Operational Efficiency: Optimize resource allocation and staffing to manage costs while maintaining service quality.
3. Customer Experience: Enhance customer experience by providing personalized services and efficient handling of inquiries and transactions.
4. Market Presence: Establish and maintain a strong market presence in target geographic areas, reflecting brand visibility and customer trust.

**Key Components :**

1. **Location Strategy**: Selecting new branch locations based on demographic analysis, customer behavior data, and market potential.
2. **Branch Design and Layout:** Designing branches to facilitate customer flow, optimize space utilization, and enhance service efficiency.
3. **Staffing and Training:** Recruiting and training staff to deliver excellent customer service and promote product knowledge.
4. **Technology Integration**: Implementing digital tools such as self-service kiosks, mobile banking integration, and CRM systems to enhance customer interactions and operational efficiency.

**Branch Closure Trends (US):**

* 2023: 3,185 branches closed (net)
* 2022: 3,023 branches closed (net)
* Total branches as of 2024: approximately 77,500

Possible reasons:

1. Shift to digital banking (cited by 85% of banks)
2. Cost reduction efforts (78% of banks)
3. Branch underperformance (62% of banks)
4. Post-merger consolidation (45% of banks)

**Emerging Branch Strategies:**

1. **Hub-and-Spoke Model**

* **Adoption rate**: 42% of banks implementing or planning to implement
* **Structure**:
  + Full-service hub branches (avg. 3,500 sq ft)
  + Smaller spoke branches (avg. 1,500 sq ft)
* **Example**: Bank of America's "financial centers" (hubs) and "advanced centers" (spokes)

1. **Digital-First Branches**

* **Features**:
  + Self-service kiosks (implemented by 68% of banks)
  + Video conferencing for specialist services (55% adoption)
  + Minimal staff, focused on advisory roles
* **Example**: Capital One Cafés, blending coffee shops with digital banking spaces

1. **Community-Focused Branches**

* **Concept**: Branches as community hubs
* **Services offered**:
  + Financial literacy workshops (76% of community branches)
  + Small business support centers (62%)
  + Co-working spaces (31%)
* **Example**: HSBC's branch in Dubai featuring a digital studio for community events

**Technology Integration in Branches:**

1. **AI and Machine Learning**

* **Use cases**:
  + Predictive analytics for branch performance (48% of banks)
  + Customer behavior analysis (65% of banks)
  + Staffing optimization (53% of banks)
* **Example**: JPMorgan Chase using AI to predict busy periods and optimize staffing

1. **IoT and Sensors**

* **Applications**:
  + Foot traffic analysis (37% of banks)
  + Energy management (42% of banks)
  + Security enhancements (58% of banks)
* **Example**: Wells Fargo's "Branch of the Future" using IoT for real-time space utilization insights

1. **Augmented Reality (AR)**

* **Adoption rate**: 12% of banks piloting AR in branches
* **Use cases**:
  + Interactive product demonstrations
  + Guided self-service
* **Example**: Citibank's test of AR-enhanced ATMs for personalized experiences

**Challenges in Branch Network Management:**

1. **Balancing Digital and Physical Presence**

* 72% of banks struggle to determine optimal channel mix
* Solution: Omnichannel integration (adopted by 58% of banks)

1. **Regulatory Compliance**

* Community Reinvestment Act considerations in the U.S.
* 35% of banks cite regulatory concerns as a barrier to branch closures

1. **Workforce Reskilling**

* 68% of banks investing in reskilling branch staff for advisory roles
* Average training investment: $2,500 per employee annually

1. **Legacy Infrastructure**

* 53% of banks report challenges in upgrading old branch systems
* Average cost to fully modernize a branch: $350,000 - $500,000

**Future Outlook:**

* Predicted 20% further reduction in branch numbers by 2028
* Increase in automated branches (estimated 15% of networks by 2026)
* Growth in multi-function spaces (60% of new branches to follow this model)
* Enhanced integration with digital channels (85% of banks prioritizing this)

Thank You