

Financial Services Sector

The value of revenue generation from non-core products and services

Collinson Latitude recently conducted a survey amongst representatives of the financial services industry to understand their thoughts on how they generate additional revenue through added value products and services outside core banking product. The research indicates that revenue from non banking products is key for profitability. Banks are currently very well established in generating additional revenue from non-core products and services, and achieve millions in net profit through added value accounts annually.

Of the financial services companies surveyed, retention of customers was identified as the core business objective, with acquisition of new customers and brand differentiation regarded as less important.

Two thirds of respondents already claim to offer additional products and services outside their core business and the main reason for offering these enhancements is outlined in the chart below.

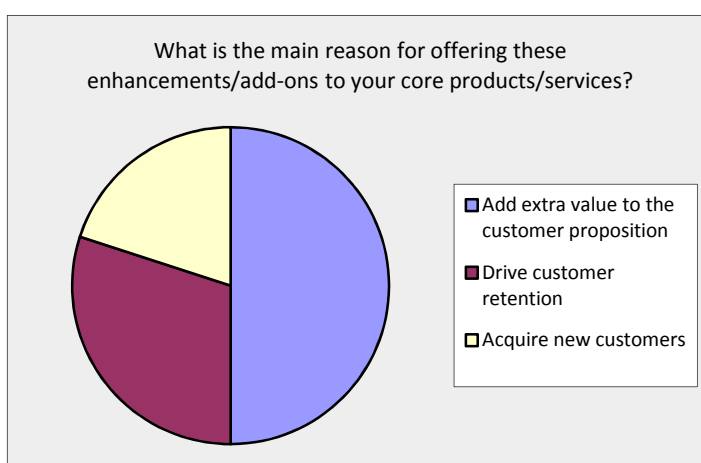
These enhancements are offered primarily to add additional value and drive retention. Respondents claimed that the customer comes first as a higher priority ahead of revenue generation.

80% of respondents feel these added value enhancements and add-ons help differentiate their brand against competitors.

Of those who do not offer these products, the main barriers to this were believed to be the cost involved in set up and the complexity in identifying suitable partners.

A third of financial services companies claim to currently run online promotions to drive customer engagement. Of those who do not, 10% are looking into introducing these promotional products in the near future.

The results of the survey allude to the importance of offering additional products and services as a key brand differentiator, providing they are relevant to the customer base and priced correctly.



“Customer retention most important for Financial Services brands”