



# The Rise of the Product Specialist

## Utilising Key Service Channels in Customer Management

In last month's Research Note, we explored the changing role of the Relationship Manager (RM) post global financial crisis. In the Research Note, we highlighted the fact that the credit responsibility of RMs has been taken away and centralised. We also explored the changing role for RMs post-GFC; it is all to do with defensive customer management.

The growing need for a customer service focus by banks has coincided with the rise to prominence of the Product Specialist. The Product Specialist comes as a welcome addition to the arsenal in the defensive customer management strategy.

East's Business Banking Customer Satisfaction Monitor (BBCSM) tracks deployment of both the RM and the Product Specialist across businesses of various sizes, and measures the impact on customer experience.

The latest BBCSM shows that in October 2009, 69 percent of business customers are using the Product Specialist channel. Last year, just 50 percent of businesses were using this channel, and just 20 percent were doing so around two years ago.

The rise in Product Specialist deployment is such that, of all the channels covered in East's BBCSM, this channel is now the second most widely used, only behind online banking. Indeed, the Product Specialist channel is now more used than the Relationship Manager channel.

### Product Specialists Working Across Segments

While much of the recent re-pricing and credit rationing is affecting the smaller end of town, big businesses are the main beneficiary of the product specialist. Over 99 percent of businesses in the \$150-500m segment use a product specialist every month, making it the most used channel, ahead of online business banking.

Product Specialists are also prominent in the \$25-150 million turnover 'middle market', where over ten percent more businesses use a Product Specialist each month compared to an RM. Even in the SME segment, Product Specialist numbers are growing.

Therefore, despite the ever-present differences based on business size, Product Specialists are working across the board. What is particularly interesting is that satisfaction with Product Specialists is rising, despite the credit environment weighing down on overall relationship satisfaction.

### Two Sides to Customer Service

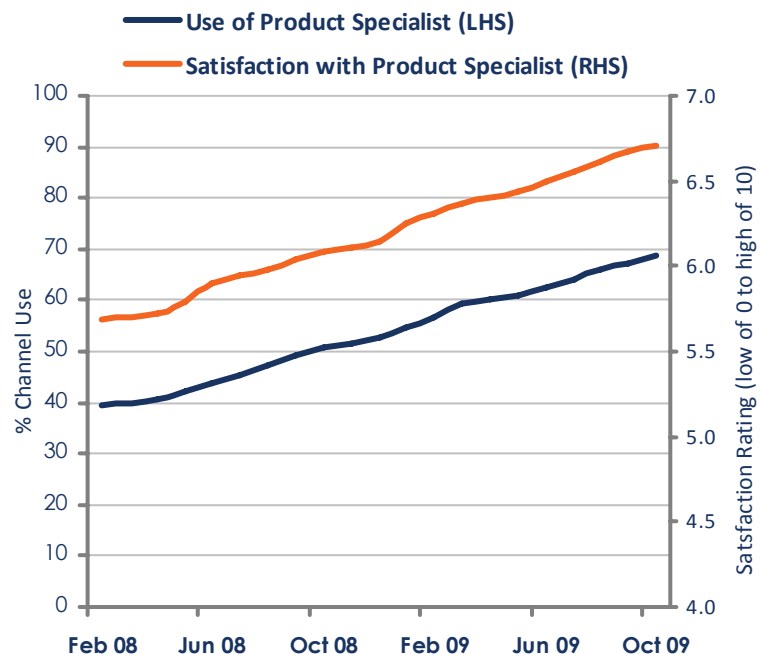
With the Big Four in particular using credit availability as a re-pricing tool, the need to limit credit-related churn is more important than ever. The rise to prominence of the Product Specialist allows banks a further channel to improve customer satisfaction and avoid churn down the line.

Each month, Product Specialists have the chance to continually engage with businesses about day to day banking operations, particularly in the realms of transaction banking and liquidity management.

Clearly, it will be difficult to prevent fallout from the mass re-pricing in the current credit environment. Lending relationships will undoubtedly see movement, but transaction banking, merchant acquiring and trade finance based banking relationships may well escape the churn by focusing on giving the customer a product and relationship that they simply cannot afford to let go of.

A two-pronged customer service approach will work well in the credit-driven business banking market. With the Product Specialist working on customer retention through improved satisfaction with products, the RM can work specifically on the relationship, allowing banks to have a greater chance of maintaining market share.

While the approach may differ depending on the size of the business and complexity of the banking relationship, a Product Specialist is rising to prominence as a key component in helping to maintain and develop banking relationships.



Source: East & Partners, BBCSM Monthly Markets Monitor