



## Account Analysis Solutions

# Sovereign Expects Large Savings By Offering Greater Account Analysis Flexibility

Sovereign Bank is on the path to large annual savings through the implementation of a more flexible account analysis system. The bank is expecting a significant reduction in mailing and printing costs by providing customers with account analysis statements over the web. Additional savings are already coming from the ability to assess an overdraft interest charge on a customer's negative collected balance. Sovereign Bank has also adopted a tiered rate structure with their earnings credit rate that encourages business customers to maintain larger balances in their accounts.

Operating expenses have also been reduced because of the smooth way with which the account analysis system integrates with the bank's billing feeds. "All of these improvements have been made without any customization simply by moving to a new account analysis system with state-of-the-art capabilities," said Cindy Fisher, Product Manager and Assistant Vice President, Sovereign Bank, Boston, Massachusetts. "While we are still in the early stages of rolling out the new software and aren't yet able to fully quantify the dollar improvement, it's already clear that the benefits will be substantial."

### Lack of flexibility was driving force for change

In the past, manual input was required from the bank's different billing feeds - Demand Deposit, Lockbox, Automated

Clearing House (ACH), and Balance Reporting. "But the biggest driving force for change was that we saw the opportunity to achieve cost savings and revenue improvements by making changes to our account analysis system," Fisher said. "For one thing, we saw the potential to provide customers with greater earnings credit by tiering the earnings credit rate relative to the balances they maintain. If we had continued to use our old system, changes such as these would have required a long and expensive customization process. We looked around at different account analysis packages and discovered that CAA™ (Commercial Account Analysis™) from The Weiland Financial Group already had all of the capabilities that we were looking for built into it. We also liked the fact that Weiland was about to bring out a web version that could save us some of the money that we were spending to print and mail business account analysis statements."

Sovereign used Weiland's Office Integrator™ to automate the process of posting billing feeds into the account analysis system. It captures data from a wide range of application system formats and posts them into the CAA™ database. This new automated process has significantly reduced the amount of time required for data entry. It makes it possible for the bank to complete the

initial analysis run on the fourth business day of the month. The relationship managers and customer support groups then have a three-day window to look at the statements and make adjustments. The review process allows them to quickly identify and report any error, long before the statement is delivered to the customer.

With the new software, Sovereign's Product Management group was able to create and test new pricing scenarios simply by changing parameters in the software. "We created a tiered pricing system so that customers begin receiving an earnings credit when their investable balance exceeds a preset threshold, and increases as the balance increases," Fisher said. "This encourages them to hold higher balances in their accounts, and compensates them appropriately when they do. We haven't seen a dramatic effect yet from this move because interest rates are so low. But as rates rise, we are expecting to see a very

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favorable impact on our bottom line. Conversely, we were able to create an overdraft interest charge to compensate us when we fund customer use of uncollected deposits."

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## **Providing analysis statements over the Internet**

Sovereign is also in the process of taking advantage of the new software's ability to provide account analysis statements over the Internet. At present, the relationship managers and customer support groups review these statements over the bank's intranet so they can spot and correct any anomalies before they are delivered to customers. Sovereign used CAWeb™ Active Statements to make the web version of the account analysis statement look nearly the same as the print version. The final statements are sent to the intranet site so they can be viewed if a customer calls with questions after receiving their mailed Analysis Statement. This has become a very valuable research and customer service tool.

The bank plans to roll out web access to customers in the near future. This represents a tremendous cost savings opportunity because of the huge amount of money spent by Sovereign and most banks to print and mail statements to customers. A recent survey indicated that 22.4% of all labor hours for a typical bank were involved in rendering statements and checks. Estimated total annual costs to deliver statements to a single customer are in the range of \$7 to \$15. "Sovereign spends a significant amount in mailing and printing costs yearly," Fisher said. "We conservatively estimate that through a combination of pricing incentives and convenience about 10% of our customers each year will choose to receive their statements over the web."

"Right now, our internal web development team is determining what changes need to be made to our firewall and other security systems in order to provide customers with statements over the web," Fisher said. "We plan to have the system up and

running early next year, and will then kick off a major promotional campaign to encourage our customers to migrate from paper to web statements." Sovereign plans to integrate the new web statements into its IRIS (Interactive Reporting & Initiation Services) online treasury management services. IRIS provides customers with online wire transfers, ACH transfers, and tax payments, and makes it possible for them to access financial data regardless of where they are located. Sovereign is also going to put a link on their website so customers can log in directly to view account analysis statements.

## **Electronically transmitting account analysis statements**

The new software also makes it easy to electronically transmit account analysis statements to corporate customers using the standard Electronic Data Interchange (EDI) 822 format recommended by the Association for Financial Professionals (AFP), formerly the Treasury Management Association (TMA). The 822 formatted account analysis statement allows Sovereign's larger corporate customers to receive all of their account analysis statements in a machine-readable electronic format for easy review and consolidation. Using Weiland's 822 Express™ software, the account analysis statement for any customer can be quickly reformatted into the standardized electronic file available for secure download from the bank's web site.

"With our new pricing structure in place for only a relatively short period of time, and our web account analysis statements about to come on line," Fisher said, "it's still too early to quantify the costs and benefits of moving to the new account analysis system. But we have already seen cost reductions through automating the account analysis process, and are

expecting even greater savings once the web statements go online and we begin reducing the number of statements that we are required to print and mail. For these reasons, it's already possible to label the initiative as a clear success that will continue to pay dividends for years to come."

Sovereign Bancorp, Inc., headquartered in Philadelphia, Pennsylvania, is the parent company of Sovereign Bank, a \$41 billion financial institution with approximately 530 community banking offices, nearly 1,000 ATMs and about 8,000 team members in Connecticut, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, and Rhode Island. Sovereign is among the 25 largest banking institutions in the United States and has successfully completed 24 acquisitions since 1989, with each acquisition accelerating Sovereign's earnings growth. Business banking products include a variety of checking accounts, investment accounts, line of credit, term loans, SBA loans, leasing, cash services, merchant accounts, payroll services, insurance services and tax payments.

***For more information, please contact The Weiland Financial Group, Inc at 847.735.0577 or visit [www.weiland-wfg.com](http://www.weiland-wfg.com).***