

FASTER, BETTER AND MORE COST EFFECTIVE: THE ART OF COOPERATION AND COLLABORATION

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There's no denying that banking is an IT-driven industry. The ability to serve and satisfy customers and deliver business outcomes is almost entirely dependent on technology.

Yet many banks are struggling with the lack of agility their current systems provide – and some are struggling more than others.

How can banks use the opportunity of technology refresh projects to stand out from their competitors and deliver value to their customers?

Firstly, I would argue they need to be realistic about the areas in which they are actually competing. To their chagrin, banks with excellent products, the lowest rates and a strong brand have not succeeded in getting the highest volume. The true differentiators seem to be high quality customer service and time to market. This is where brand image is built and real competitive advantages lie.

Secondly, in the race to make better decisions faster, business and technology leaders should not lose sight of the fact that many decisions and transactions are based on common information.

As far as the customer is concerned, their information should be considered the same between lenders, mortgage insurers, valuers etc, but it isn't. Clearly, there is a lot of work to be done in this area.

All organisations collect the same data or process the same transaction and everybody ends up doing it pretty much the same way. From an overall perspective, the cost and effort to come to the same conclusion is astronomical, highly inefficient and ultimately incomplete.

As an example, independent research commissioned by LIXI in 2008 found almost \$1 billion was spent annually on the loan approval process in Australia, approximately \$200 million of it on rework. "The Enabling Efficiency Whitepaper" shows that collaboration and the use of LIXI standards would halve the cost of rework, delivering a \$100 million saving each year.

In addition, the other \$800 million dollars in loan processing costs can be reviewed for efficiency gains if standards are used to improve the overall process.

So why aren't we seeing more examples of collaboration between the banks to maximise efficiency benefits?

I believe the main reason is what I call the 'paradox of me-centric messaging'. The sender of the information desires to send the information the way they want to, and the receiver has specific requirements for how they receive the information and never the twain shall meet.

There are real reasons why me-centric messaging is beneficial, but only if the paradox can be resolved.

When you consider the cost and operational efficiency gains available, failing to resolve this seems remarkably misguided. Collaboration and cooperation are the keys to resolving the paradox.

This is where LIXI comes in. As an independent, not for profit, member based organisation LIXI holds a unique position to facilitate collaborative efforts to identify and solve industry-wide issues that deliver a better overall customer experience and improved customer satisfaction:

- Standards - delivering improved operational efficiencies and a reduction in non-productive costs in areas that are non-competitive by nature
- Industry efficiency - reducing rework as a result of missing or inaccurate data
- Organisational cost reduction - on current and future technology investment

Imagine a future where current business issues such as conveyancing, credit and arrears reporting, data migration, version control and compliance reporting can all be solved faster and more efficiently.

I look forward to working with all players in the lending industry over the coming year to make this a reality.