



vision to value

GIVING YOU ONE VIEW



Farm Bureau Bank Improves Banking Operations And Member Adoption With S1 Internet And Voice Solutions

Farm Bureau Bank is a pioneer institution that opened its doors on July 12, 1999 to offer financial services to its four million member families in 43 participating Farm Bureau states. The bank, owned and operated by a group of investors from 21 states and 19 affiliate insurance companies, focuses its resources on providing competitive consumer banking services to its members, particularly those in underserved rural markets. Today, the bank has more than \$350 million in assets and has approximately 110,000 member families signed up for banking services. While the bank leverages a sales force of Farm Bureau insurance agents in more than 2,500 county offices nationwide, the Internet and phone channels remain the bank's primary way of interacting with customers. To support these channels, Farm Bureau management sought out the industry's most robust and proven Internet and voice banking solutions, which is why the bank turned to S1.

Partnering For Success

Farm Bureau Bank has a "direct bank" operational infrastructure, which means it provides products and services to its members through the mail, phone, and electronic channels, but not through physical branches. In the process of searching for a service provider, Farm Bureau required a fully functional, scalable application with a low cost of entry that could support multiple backend hosts. After investigating several solutions only one vendor stood out, S1. The bank reviewed and selected S1's Internet Banking System (IBS) and Voice Banking System (VBS) to support its Internet and voice channels to provide automated and electronic access to its customers' financial information.

"After seeing a demonstration of the S1 IBS and VBS solutions, we knew the flexibility and user-friendliness of the products would enable us to meet our goals of providing Farm Bureau members with the right banking solution," said Mark Cromer, senior vice president operations for Farm Bureau Bank. "We are extremely pleased with the products' functionality and the service it has enabled us to deliver to our customers."



Benefits

- Stronger customer retention and adoption
- Cost reduction
- Operational success



“S1’s solutions have played a vital role in enabling us to exceed our goals and objectives. S1’s IBS and VBS solutions have truly helped the bank in maximizing customer retention and expanding account relationships by enabling us to provide one view to our customers.”

— Mark Cromer
 Senior Vice President Operations
 Farm Bureau Bank

Unique Services Increase Adoption

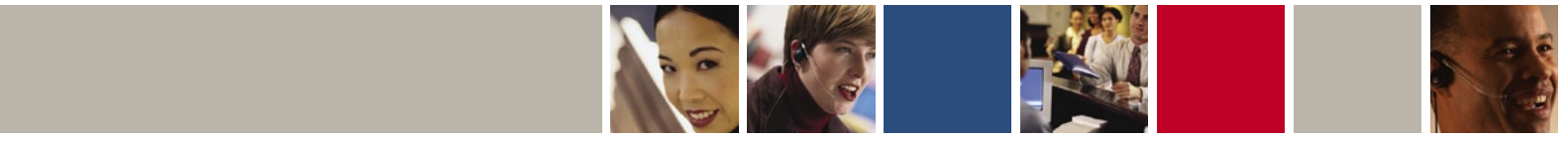
As a direct bank, the bank’s primary servicing objective was to provide multi-channel access to its services and build adoption for these services, which in turn would further improve loyalty to Farm Bureau. After the initial launch of the banking services, many Farm Bureau customers were reluctant to rely on this new method of banking for their primary banking relationship. However, the bank has been able to capitalize on the user-friendly features and functions of the Internet and voice solutions and demonstrate the security, flexibility, and simplicity of remote banking to Farm Bureau members.

“Our Farm Bureau customers have quickly adopted the technology. In fact, our average annual growth rate in new online banking users has been over 96 percent since the service was introduced,” said Cynthia Morgan, Internet systems administrator for Farm Bureau Bank. “With no physical branch locations, we have successfully leveraged the S1 solutions to create a truly personal link with our customers.”

A majority of the bank’s marketing activities are focused on agent sales, direct mail, articles in state publications, inserts in insurance billings and Web site links. Farm Bureau’s success varies by state based on the level of support from Farm Bureau partners, strength of the related insurance companies and infrastructure of local Farm Bureau organizations. However, the bank has experienced penetration rates of more than ten percent in some states, while achieving only half a percent in others. The bank works with each state to develop individual goals and objectives to improve penetration rates and believes each state should be able to achieve 2.5-5 percent in member penetration per year. With more than four million Farm Bureau Insurance member families, the management of the bank feels the potential for continued growth is still virtually untapped.

Another feature that has helped Farm Bureau to improve customer adoption and change the behavior of existing customers is the S1 IBS external account transfer feature. This feature allows customers to initiate deposits and loan payments from other financial institutions electronically rather than via mail and offers greatly reduced transaction processing time and expense as well as improved accuracy. Physical deposits and payments that were processed through the mailroom and proof department are now automatically processed as ACH transactions. This service enables the bank to service existing customers with convenience and security, while giving it the tools necessary to compete with other local “branch” institutions. “Customers have repeatedly expressed their appreciation and satisfaction with the account transfer feature. We are able to help our customers as well as our staff save valuable time,” said Morgan.

Since deployment of the account transfer feature a year ago, the feature is now the preferred payment option for almost ten percent of the bank’s loan customers. In addition, during the same period, deposit transaction accounts have increased by more than six percent, while monthly mail deposit activity has decreased by three percent. These dynamics have enabled the bank to maintain personnel expenses, while reducing item-processing expenses by several hundred dollars per month.



Automation Reduces Costs And Improves Operations

The flexibility of the S1 solutions has enabled Farm Bureau to creatively and cost-effectively deliver unique products and services to its customers and improve its operations. One of the most successful options Farm Bureau has instituted based on their direct bank methodology is the E-Option account, that gives customers automated access via its Internet or IVR channels for checking and/or money market accounts. This account option reduces bank expense by eliminating printing and mailing of statements, notices, and other correspondences. The E-Option customers use the Internet solution to view, print, and reconcile account history; and correspond with the bank via email. Customers utilizing this option receive a portion of the bank's savings back in the form of higher interest rates on their checking and money market accounts. More than 50 percent of the bank's checking account customers use this account option and approximately 37 percent of its total checking and money market account balances are in E-Option accounts. Farm Bureau officials estimate that this feature alone has saved \$1,500 per month over the last year. Due to the success of the E-Option account, the bank plans to expand this option to other products, such as credit card accounts.

The bank also sees its free bill pay offering as a competitive advantage. Industry statistics show that banks that have high bill pay penetration rates have lower customer churn rates, and therefore lower operating costs. While the level of overall participation has been less than the bank projected (less than ten percent of online users), the customers that use the service have been extremely active with an average of eight payments per month per user. As penetration increases, Farm Bureau will continue to leverage the data collected from its bill payment services to identify cross-selling opportunities. As an example, the bank has identified customers that have made bill payments to credit card companies as prospects for the bank's credit card services. Data on all IBS users is easily retrieved for evaluation to examine user activities and financial needs. The bank actively generates emails to promote products and services offers based on the information collected from IBS servicing processes. The bank has successfully promoted debit card services, VISA® sponsored specials, and automated payment options through targeted, low cost email campaigns.

S1's VBS has also helped Farm Bureau to automate and maximize channel usage. The voice solution was selected as an add-on to IBS using the same interfaces, hardware and support as the Internet solution. Although the bank feels the real benefit and dynamic functionality comes from IBS, 20-25 percent of the calls to its Contact Center are now handled by the VBS.

Achieving One View

A key component of the bank's success lies in S1's IBS Retail Banking and S1 Voice Banking solutions' ability to integrate customer information from multiple hosts. With multi-channel integration, Farm Bureau is able to provide a consolidated view to its customers and to have one view of its customers' accounts, including checking, savings, consumer loans, and credit cards. Farm Bureau customers now enjoy the ease of being able to perform transactions between all of their Farm Bureau Bank accounts.

S1 Corporation is a leading global provider of enterprise software solutions for more than 4,000 banks, credit unions, and insurance providers around the world. Comprised of applications that address virtually every market segment and delivery channel, S1 solutions help integrate and optimize an institution's entire front office, resulting in increased operational efficiencies, revenue opportunities and overall customer satisfaction. S1 is the only provider with the proven experience, breadth of products, and financial strength to empower financial services companies' enterprise strategies.

For more information, please visit us at www.s1.com, or email questions to sales@s1.com.

S1 Corporation
3500 Lenox Road, Suite 200
Atlanta, GA 30326 U.S.A.
T +1 404.923.3500 F +1 404.923.6727
TOLL FREE +1 888.457.2237