

## Bank Estimates 5% or More Increase in Revenues With More Flexible Analysis

The BOK Financial Corporation estimates that it will be able to increase revenues by 5% or more per year by putting a more flexible account analysis system into place. The account analysis outsourcing service used in the past reduced its competitiveness by placing strict limits on the charges and discounts that could be offered to different customers. So the company implemented a new system that provides virtually unlimited ability to offer different rates and discounts for different banks, geographic areas or individual customers. The new software also provides substantially more information than was available in the past, such as the dollar difference between standard and special prices for a customer. It also makes it easy to provide customers with their account analysis statements in electronic data interchange (EDI) 822 format. "The ability to charge whatever we think makes sense is helping us to increase our competitiveness in many of the markets we serve," said Priscilla Dougherty, Vice President and Manager of Client Services and Account Analysis for BOK Financial. "That's why we believe that we will exceed our original estimate of increasing revenues by 5% in the first year that the new account analysis system is in place."

BOK Financial Corporation is a multi-bank holding company based in Tulsa, Oklahoma with four bank subsidiaries, Bank of Albuquerque, Bank of Arkansas, Bank of Oklahoma, and Bank of Texas. Additional mortgage origination offices are located in Kansas and Missouri, and the company operates a loan production office in Denver, Colorado. The company provides commercial and consumer banking, investment and trust services, mortgage origination and servicing and an electronic funds transfer network. It enjoys market leadership throughout the state of Oklahoma and, over the past six years, has expanded successfully in high-growth metropolitan markets in contiguous states to Oklahoma. Total assets are approximately \$13 billion. A key element to the success of BOK Financial is its high ratio of fee-based

revenues, which account for 40% of total revenue. This strength comes from a diverse group of products including trust, mortgage banking, an electronic funds transfer network, brokerage and trading activities, and cash management services.

### Lack of Pricing Flexibility Limited Revenues in Past

The outsourcing service that the company used for account analysis in the past was not as flexible as management desired. It was only possible to set a single standard price for each service code by bank. That price applied across the board to all of the customer relationships. So the company set the price for each service at the highest level offered by any of its banks and then individually discounted the price for customers of each of the other banks. But the outsourcing service would only allow special pricing for 12 items or so per customer. In the very frequent case where the loan officer wanted to provide special pricing on additional items it was necessary to discount the entire relationship. While we might have wanted to discount only the lockbox and cash vault related charges for a customer, our system limitations required that we discount all of the charges in the relationship because the lockbox and cash vault services provided used more than 12 service codes.

"After using the system for a few years, we filled up all the available service codes and our pricing began to be constrained by the limitations of our software," Dougherty said. "In many cases, we were unable to provide discounts that we wanted to provide in order to be competitive and in others we were forced to offer discounts that really weren't necessary. Another concern was that we could capture the fees that had been waived for the entire relationship but not at the line item level so it was very difficult for management to get an understanding of the pricing that had been offered to a particular customer." The original impetus for switching to account analysis software came from users and management of the bank

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who were familiar with CAA™ (Commercial Account Analysis™) from The Weiland Financial Group through their work at other banks. They were aware of the much higher level of flexibility offered by this product, which makes it possible to set different charges for different regions or types of customers and make an unlimited number of exceptions. "So many of our people had used CAA and liked it that the selection process mainly consisting of evaluating the product to see if there was any reason that it wouldn't meet our needs," said Mike Blake, Assistant Vice President and Business Analyst for BOK Financial. "After taking a close look, we didn't see any reason why it wouldn't work and the pricing was within our guidelines. We checked around and found that Weiland's reputation in the industry was good and that it was a small but financially stable company that would provide us with individualized assistance when we needed it. The company had only recently begun offering CAA on the Microsoft SQL Server database so we were only their second SQL Server implementation but we experienced no difficulties, rolling our banks over one at a time to CAA."

### **Increased Ability to Adapt to Market Conditions**

"The new software has substantially increased our ability to price our products according to market conditions," Dougherty said. "We now set prices differently when appropriate for each of our different banks and sometimes for geographic regions within each bank's territory. When necessary, however, we can easily change pricing for individual customers and there is no limit to the number of special prices we can offer. CAA also gives us the ability to set expiration dates for pricing which helps us to alert that a customer's contract has expired and needs to be renewed. We have seen a number of cases where we have won new customers that we would have lost in the past due to inflexible pricing. Our projections when we purchased the software were that we would be able to quickly recoup its cost through increased revenues. These estimates were very conservative and it looks like we should have no difficulty in exceeding them."

Blake added that the move from outsourcing to purchased software has significantly improved efficiency. "In the past, we were at the mercy of our outsourcer's schedule as to when they could get the account analysis done," he said. "Now we can run the job in far less time and make corrections at our convenience. CAA reads a standard

formatted file produced by our banking software and posts them into its database. The process is nearly entirely automated. Our account service then reviews the statements and makes any necessary corrections. With the new software, account management can make changes in pricing scenarios without any programming simply by changing parameters in the software. The software makes it easy to provide management with any information they want to see, including detailed breakdowns of the impacts of discounts on our pricing by customer or by service.



### **Providing Customers with EDI 822 Electronic Statements**

BOK Financial also took advantage of the fact that the new software makes it easy to electronically transmit account analysis statements to customers using the standard EDI 822 format recommended by the Association for Financial Professionals (AFP), formerly the Treasury Management Association (TMA). BOK Financial's larger customers appreciate the fact that they can provide account analysis statements in a machine-readable electronic format for easy review and consolidation. Using Weiland's 822 Express™ software, the account analysis statement from any customer can be quickly reformatted into the standardized electronic file available for secure download from the bank's web site.

While BOK Financial is still getting used to the new account analysis system, managers are already looking at the possibility of implementing Weiland's CAWeb™ Active Statements product which makes it possible to deliver account analysis statements to customers over the web. BOK Financial's staff can also be provided with access to the account analysis statements both for review prior to releasing the statements and for reference in case the customers calls with a question. The potential cost savings are great because estimated annual costs of delivering statements to a single customer are in the range of \$7 to \$15 per year. Other banks have found that they are able to recoup a significant portion of these expenses by offering their customers an incentive to accept account analysis statements over the web in place of conventional printed statements.

***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).***