

eCommerce Solutions in the Finance Sector



DECEMBER 2018 TECH BRIEF FOR FINANCIAL SERVICES TALENT NETWORK

Making Access to Investments through Technology

Arthur Andersen, a vaunted accounting and consulting firm, in a recent [publication](#) noted that less than 25% of managers in the executive suite have placed eCommerce strategies as a high priority on their list of initiatives. The report further indicated that most financial services companies use the Internet for mostly basic purposes – as an informational outlet, or, as a secondary distribution channel, and not as a key tool to solve business problems, or return exceptional customer opportunities. And this, is a grave mistake on the part of the finance industry.

It has been well documented that Millennials are the next wave of major consumers of all service types, as Baby Boomers continue to age out and become less active players in the marketplace. Couple that with the Millennial predilection to transact business via the Internet. Finally, given the tendency for banks and S&L is to be more measured and cautious in adopting change, and you have a recipe for a major paradigm shift in the financial services industry.

Labor Force Takeaway

Electronic commerce, known as [eCommerce](#), focuses on the use of technology such as the Internet, web sites, e-mail and social media to promote a company's goods and services. If you work in eCommerce, you'll help create, implement and manage the online section of a business. This requires you have skills that range from marketing and business, to information technology and social media applications.

For the associate looking to determine if a career in Ecommerce is for them, the [Emarketing Institute](#) offers a number of free certifications as well, in areas such as Marketing (Online, Affiliate, and Content), Blogging, and Ecommerce.

For the more advanced Ecommerce practitioner, the [Certified E-Commerce Manager \(CECM\)](#) examination measures essential competencies for aspiring or practicing Web professionals. The WOW Certified E-Commerce Manager (CECM) examination measures essential competencies for aspiring or practicing Webmasters. The examinee must demonstrate knowledge of Internet basics, security basics, Web Business Strategies, Web Site Project Management, Web Marketing and Sales, and Fundamentals of E-Commerce at the standard defined by this test specification. The skills and knowledge measured by this examination are derived from an industry-wide and worldwide job task analysis which was validated through a survey of hundreds of designers. Average starting salary for CECM professionals is approximately \$81,000.

For the individual who already understands the foundations of Web technologies and wants to become proficient in e-commerce practices and site design, the CIW [E-Commerce Strategies and Practices](#) course prepares candidates to take the CIW E-Commerce Specialist exam, which, if passed, earns the individual the [CIW E-Commerce Specialist certification](#). Candidates who also pass the [CIW Web Design Specialist](#) exam earn the advanced [CIW Web Design Professional](#) certification. The 2015 annual mean salary of an IT professional who has been awarded the CIW E-Commerce Specialist certification is \$66,665.

Internet Products Augmenting Human Interactions

New, non-financial services companies comfortable with eCommerce are stepping in and stepping up to give consumers what they are clamoring for – access to instruments through web based portals, and a huge variety of services that meet their every need. These non-traditional, non-financial businesses are displacing the more traditional outlets.

But traditional banks and finance institutions still aren't getting it. Despite the enactment of the [Gramm-Leach-Bliley Act of 1999](#), and the major changes that have occurred since in Cybersecurity practices (PCI compliance, etc.), which have greatly increased the security of web transactions, they still believe consumers will not transition to eCommerce solutions due to security issues. Only 13% of finance executives believe the current non-finance players will still be in business five years from now.

How can the more traditional financial services companies reexamine the use of eCommerce and Internet technology, incorporate them into their portfolio of services, and regain the engagement with their valued client base?

By hesitating, the Financial Services industry is missing the eCommerce boat. And he who hesitates on the Internet is lost.

There are five major problems eCommerce can solve for banking institutions:

- (1) **Clients like instant gratification** – eCommerce can provide solutions quickly and efficiently that banking institutions often cannot
- (2) **Clients don't have access to their funds due to holds/delays** – eCommerce can typically release access to funds from multiple accounts for a single large transactions, where banks will not
- (3) **Merchant Fraud Risk is High** – The use of two-factor authentication and chargeback free features reduce the risk of merchant fraud while allowing the client the freedom to transact with them
- (4) **Refunds are Frustrating** – Delays and holds frustrate clients. And "money in the air" – bank doesn't have it, consumer doesn't have it – reduces spending ability and angers consumers.
- (5) **Cross Border transactions can be complex** – International cross border – and even stateside borders between states – often cause problems for banks that non-financial institutions don't. No multiple legal entities.

There are many ways financial institutions can quickly up their eCommerce game:

- (1) **Serve customers in their preferred language** – Providing language options has provided between 40-60% increase in customer usage stateside. Many temporary residents here on VISAs and through foreign exchange school programs, and who are not English proficient, appreciate the ease and convenience of being able to interact with their financial institution quickly and conveniently in their native language.
- (2) **Improve content availability** – Customers like localized deals, and will shop for the best ones.
- (3) **Increase mobile app functionality** – With the increased use of the PDA and SmartPhone, clients are enamored with the ease and convenience of these banking/financial options, and will move between banks to gain access to them. The [Chase check by Phone](#) app, introduced in 2010, has been a key driver in client switching to Chase banking services, owing to the convenience and availability of this feature, particularly for people who work night shifts, and in rural/dangerous areas.
- (4) **Reach Rural Markets** - [Prepaid cards](#), etc., allow institutions to reach consumers without a nearby branch.
- (5) **Partner with Non-Financial Institutions Already Adept at eCommerce** – Get in the game faster without having to build an entire ecosystem first.