

Web Simplicity Initiative Bearing Fruit for Wamu

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By [Daniel Wolfe](#)

At the start of last year Washington Mutual Inc.'s online banking executives would have been thrilled if people opened 100 accounts a day through its Web site; now it is averaging 2,700 openings daily, the result of an overhaul focused on simplifying the process.

In the past year the Seattle thrift company has revamped its procedures for opening accounts at several business units, trying to eliminate steps that had been held over from the days of paper. The overall goal, executives said, was to make the entire process as quick and easy as possible for users who might surf off to another site at the first sign of frustration.

"Simple, for us, is critical," Richard Blunck, a senior vice president and Wamu's director of e-commerce, said in an interview last week.

The first major change went into effect May 1, 2006, when the thrift began offering its Wamu Free Checking account. The product was designed to be managed completely through the Web site, starting with an application process that has just three steps and can be completed, on average, in about six minutes, Mr. Blunck said.

Wamu customers could apply for checking accounts online before, but the application was eight pages and took 15 minutes to complete, and once customers who finished the process had to wait for additional paperwork to arrive in the mail, negating the value of using the Internet, he said.

The application "just got routed to a back-office function; then they would mail you a package that included disclosures and signature cards."

To eliminate the need for mailing forms to new customers, Wamu uses their first check as a signature card. That first check is bright yellow to make it obvious to the customer that it will be treated differently, Mr. Blunck said, and the company gives it extra attention to spot potential fraud, though besides these steps, "it's just a check."

People can fund the accounts electronically during the application process, so new customers can start using their accounts faster than they could if the accounts were funded by writing a check, he said.

In developing Wamu Free Checking, the company looked at ING Bank FSB's popular, high-yield savings products, which are known for their ease of use, Mr. Blunck said. The

ING Group NV unit's online strategy "really put some momentum in the industry," and Wamu customers said they wanted the same kind of online experience.

"What our customers told us very strongly was, 'I need to be able to engage in that product and enroll in it online in real time,' " Mr. Blunck said.

Though many companies have emulated ING Direct's savings accounts, the key to Wamu's strategy is using the Internet to quickly establish a strong link to new customers, he said. "The core to developing a relationship with a customer is checking. I want relationships with these customers."

The simplified account-opening process was applied in August of last year to Wamu's savings products, and in January to certificates of deposit and home equity lines of credit.

The company plans to apply the process to other business lines in the near future, Mr. Blunck said, though he would not say which ones.

The changes in Web strategy are validated by a recent study from Keynote WebExcellence, a division of Keynote Systems Inc. of San Mateo, Calif.

Wamu made strong gains in Keynote's 2007 Customer Experience Rankings, in which 2,000 U.S. adults who bank online were asked to visit the Web sites of 10 large banking companies where they are not customers and apply for accounts. Wamu took the No. 2 spot in its Ease of Opening Account category, trailing only Wachovia Corp. Last year Wamu ranked 8th in that category.

"We've made a lot of progress," Mr. Blunck said, "and I'm glad Keynote recognizes it."

Wamu took the top spot in the categories of Brand Impact Index, Acquisition Impact Index, Design & Organization, and Offering Interest.

The only banking company with more No. 1 rankings was Wachovia, which has dominated the study for several years.

Jason Ward, the director of the interactive design group in Wachovia's e-commerce division, said the Charlotte company's online strategy was refined through several massive changes to its site.

The first came in 2002, the year after First Union Corp. acquired the old Wachovia and took its name, he said. "We completely shut down the old Wachovia.com ... and created a whole new Web site. We saw a big jump in customer satisfaction."

The second was in 2005, when Wachovia began to shift from in-house online banking software to a product from Corillian Corp. (which CheckFree Corp. has since acquired).

Mr. Ward said the key to making these major changes work is the cooperation of various business units behind the scenes. "All of our business units think that it's as important as we do" to meet customers' expectations on the Web site.

"I don't think the principles we apply are unique to us," he said. "What people do online tells you a lot about what is happening within the company, to what extent they are able to create a seamless experience for all customers."

Chris Musto, an analyst with Keynote who worked on the study, said that Wamu is meeting customers' online demands by imitating what other companies have done with high-yield savings accounts.

"High-yield deposit accounts are really about getting people to open the account online," Mr. Musto said.

Even companies that are more concerned about other channels should pay attention to what Wamu and Wachovia have done online, Mr. Musto said. "If, by visiting the site, your perception of the brand increases that much, then all of the channels benefit."

In the study, 64% of participants said it was easy to open an account at Wamu, compared with 49% the previous year. Seventy-nine percent said they were able to open an account online, versus 65% last year.

Only 10% said there were too many steps, versus 29% last year, when Wamu had more than twice as many steps in place.

The overhaul came at a critical time for Wamu, because many customers now have higher expectations for opening accounts online, Mr. Musto said.

"The ease of opening up an account online" is directly related to whether customers "want to do business with you," Mr. Musto said.