



vision to value



GIVING YOU ONE VIEW

Macatawa Bank Uses S1 Enterprise Online Solutions to Effectively Segment Customers to Drive Customer Loyalty

Macatawa Bank, a nearly \$2 billion asset institution chartered in 1997, is a customer-driven financial institution focused on providing high value to clients by delivering products and services in a highly personalized manner. The bank's management believes that it can attract clients who prefer to conduct business with a locally-managed institution that demonstrates an active interest in their business and personal financial affairs, which the bank has proven by growing steadily from its original intent of one branch to 23 today. The bank offers a full range of commercial and retail banking services to several western Michigan communities, including online banking, which it has used S1 solutions for since 1999. While looking at ways to strengthen customer loyalty and retention Macatawa chose to migrate its customer base to the S1 Enterprise Personal Banking and Business Banking solutions, enhancing the bank's ability to deliver robust self-service solutions that would attract new customers and keep its current customers coming back.

Taking Online Banking to the Next Level

After licensing S1 IBS Retail and Cash Management Solution in 1999, Macatawa Bank grew at an incredible rate over the next few years; and along with that growth came greater demand for online banking solutions that would meet a broader spectrum of financial management needs, particularly for the bank's growing small business market. The decision was made to move the bank's online customer base from S1 IBS to the S1 Enterprise solutions to better meet the needs of its customer base and to have a scalable solution that would grow with the bank as well as its customer base. Macatawa also wanted to move to real-time to reduce the efforts around end-of-day processing and streamline the bank's online operations.

"If we get our customers banking online and using bill pay they are much more likely to stay with us long-term," said Tammy Siegers, Assistant Vice President Electronic Banking for Macatawa Bank. "The S1 Enterprise solutions have enabled Macatawa Bank to enhance our online offering to improve our customers' interactions and deepen their loyalty to the bank."



Benefits:

- Grown online customer base to 1,300 business banking and 9,000 personal banking customers
- Delivered added value to customer base through class of service segmentation
- Improved ability to compete with large financial institutions
- Reduced infrastructure costs with real-time processing

Delivering Added Value

In moving to the S1 Enterprise online solutions, Macatawa was also able to take advantage of the S1 Application Manager (SAM), which is essentially the workhorse behind the scenes of S1 Personal Banking and S1 Business Banking. SAM enables Macatawa customer services representatives, marketing personnel and system administrators to set up class of service and segment its customer base into categories of product needs and to charge accordingly. For example, the bank has set up four classes of service for its business banking customers, including free basic access for customers with a small business checking account, basic access for a minimal fee at \$5 per user, full cash management services for \$15 per user and then account analysis for customer who pay the same types of fees as the other segments, but want to have a breakdown of transactions to receive earnings credits. The bank is also able to charge for additional users per business banking customer according to class of service as well.

More Competitive Offering

The philosophy at Macatawa Bank is to focus on what it does best as an organization, be bankers. With that in mind, the management team knew that hosting the solutions in S1's Data Center was the only option for the bank that would enable it to manage the online solutions and keep its team looking at how to continue to build better a stronger competitive offering vs. managing the day-to-day operations. The up-to-the minute security offerings of the S1 Data Center allow Macatawa to be confident that our customers' information is secure. Plus upgrades and new offerings are deployed by the experts in the Data Center and require little technical involvement by the bank's staff, which makes managing its online solutions simpler and more efficient.

The bank's intense focus on customer satisfaction has enabled it to grow the online customer base to 30 percent penetration of all household accounts, which equals 9,000 plus personal banking customers. Since migrating to the S1 Enterprise Personal and Business Banking solutions, the bank grew its user base by 25 percent. "Hosting the online solutions with S1 gives us the security of knowing that we can guarantee the online experience our customers expect from Macatawa," commented Siegers.

In moving to the Enterprise Platform solutions, the bank also wanted to streamline its operations surrounding end-of-day reporting, which would not only reduce operational costs, but allow Macatawa to offer a business banking solution that would attract larger business customers with more sophisticated cash management needs. In order to accomplish this, the bank chose to go from batch processing to real-time processing, which gives large business banking customers the tools they need to easily manage their intricate finances. The bank was able to eliminate some timely processes at the end-of-the day, allowing them to extend cut-off times for transfers.

The sophistication of S1 Business Banking has also attributed to the bank's success with building its online customer base of business users to 1,300 plus. With additional features like Positive Pay, entitlement rights, finance management tools and more, Macatawa has already attracted a number of larger business clients away from the national and regional institutions. In fact, one large real estate development company in the area recently opened accounts. The company has very complex needs for user entitlements and dual-control. S1 Business Banking easily met and exceeded their expectations, commented Siegers. In addition, a number of other features like new bill pay provider, real-time processing, account aggregation and secure messaging play a significant part in attracting both retail and business customers to Macatawa bank and away from competitors.

"With S1 Application Manager, Macatawa now has the capability to better track customer interactions via the online solutions and offer the right products and services based on the individual customer's transactions. Greater knowledge of our customers creates an excellent opportunity for Macatawa to provide additional value and ultimately drive up online banking usage."

- Tammy Siegers

Assistant Vice President Electronic Banking
Macatawa Bank



The new ATM management system drastically reduced set-up time, saving staff members' valuable time and ensuring that machines work almost immediately. Through its third party processor it took two weeks to get a new ATM online and with S1 EPM bank staff can set up the machines in under ten minutes.

Looking Forward

Macatawa Bank remains steadfast on its goal to show customer appreciation and offer the products and services that deliver on the bank's promise of highly personalized service. With the S1 Enterprise Personal and Business Banking solutions, Macatawa looks to continue to make gains in its online penetration and compete more affectively for the most profitable customers in its marketplace.

"S1 has proven to be a true partner in delivering the financial services solutions that bank's like Macatawa need to remain competitive with the right technology for our customers," said Siegers. "With the ability to better segment our customers on the back-end of our solutions, we will continue to provide exceptional personalized service."

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

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