



Your Core System  
is Not an MCIF  
Why an MCIF is Unique

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## A Different Point Of View

Perhaps Your Core System  
*Should* Be Your MCIF

**CU\*ANSWERS**  
A CREDIT UNION SERVICE ORGANIZATION



While it isn't often, one of the questions that invariably comes up at institutions unfamiliar with MCIF technology is "Can't we get this information from our core?" The short answer is no. That said, the question posed is a right and fair one to ask. Unfortunately, while the core or even the data warehouse has lots of data...neither of these systems enhances the data in a way that will turn it into information of strategic value. In addition, the average user does not have the ability to use or access the core/data warehouse systems to pull reports, etc. Because this is true, everyone in management is often waiting on their I.T. folks to give them answers.

### **MCIF vs. Core**

MCIF technology is designed to pick up where the core leaves off. Core systems are designed to manage transactions and maintain the balance calculation of both the deposit and loan accounts. MCIF systems are analysis tools that add value to the data and allow management to easily ask questions that are difficult (at best) or impossible to do in a core system.

### **MCIF vs. Data Warehouse**

Like a data warehouse, MCIF systems can bring in data from multiple systems. Both can even update data every day. Data warehouse systems are not designed to be used for the rank and file employee or members of management at a financial institution. Why? Simply, these tools make accessing data and reports from a myriad of sources easier for your I.T. staff. This is a good thing. Yet, a data warehouse is not for the average user. **Data warehouses require sophisticated SQL query statements and "report writing" experience, both of which your average employee simply does not understand.** MCIF solutions are designed for non-technical people. MCIF software makes it crazy simple for non-technical staff to get the reports and answers they need from an easy-to-use Windows application.

Beyond the data collection and basic reporting abilities that we have discussed, data warehouses do not enrich the data held within them. A data warehouse simply collects data for technical reporting by I.T. staff. An MCIF collects data also. In addition to holding this account information however, an MCIF solution will also perform a myriad of significant processes to add life and meaning to the data it holds. And this enriched information offers extremely high value both strategically and tactically for management at every financial institution.

### **Unique MCIF Processes Which Data Warehouses Do Not Have**

Householding – Match disparate accounts into common rooftops to identify relationships

Profitability – Perform profit calculations at the account, product, household, branch-level, etc...

Predictive Modeling – Built-in algorithms to determine the next likely product your HH will buy next

Sophisticated Campaign Management – Create and track results of direct marketing campaigns

Householding of business and retail accounts (and services) is one of the major functions of the MCIF. This is typically a very difficult task to perform (or even record on each account for future analysis) in a core environment. MCIF solutions have a number of data cleansing routines to ensure a better match rate when building the households from the individual accounts. These data manipulation algorithms better be good, as householding is a unique and primary function of MCIF systems. Working with these households is where the power comes for both marketing and sales.

This is a common misconception of third-party providers who need to extract data from a core system in order to provide a service or solution to their clients. Historically those claims may have been the case, and for many systems today that does continue to be a challenge. But this is not the case for providers like CU\*Answers.

The important things to consider are how promptly you can get the data, how complete the data is, what elements you can add to the data, and, whether you can take action on the data that you have harvested without a massive financial investment.

A Marketing Customer Information File (MCIF) is often considered a necessity in the CU industry, and rightly so. But the vision of creating it as a standalone entity reduces its capacity and flexibility, and drives costs for all aspects of the process.

Why build a whole new structure when it should be part of the core system? The belief that a core system is nothing more than a tracking mechanism for balances is outdated. When you have the ability to gather transactional information (EFT, online banking, ACH, credit scores, credit report analytics, demographics) in real time, you have all the information you need – and then some – compared to a stand-alone MCIF solution.

While the vision of the MCIF and data warehouse is interesting, both require many technical players and tools. The ability to segment, analyze and respond in real time (without requiring the push and pull of data across a variety of systems) is where real opportunity lies. With data immediately accessible at the core, a variety of team across the organization can easily execute sales initiatives specific to their goals.

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Unlike data warehouse solutions, MCIF software has a profitability system built-in that also helps to enrich the account and household information within the MCIF. Imagine if management had a way to examine the profitability of products, clients, branches, and even officers. An MCIF gives you this Intel. In fact, an MCIF delivers everything your management needs to manage profit risk, client attrition, and identify high value clients and market segments.

What else does an MCIF give you? An MCIF also has a built-in, automated methodology to predict the next product your clients will likely want next. Could this be of value to marketing or sales? Of course it would. Predictive modeling takes the data held in the MCIF database, and takes it to a new level. The data warehouse alone can't do this.

Lastly, but not least, is the ability to accurately track your direct mail campaigns. This tool alone is what most people think of when they discuss MCIF systems. In fact, 90% of MCIF software buyers list "managing direct mail campaigns" in their top two reasons for getting one. Why? Because it is this feature that enables you to target client segments and design attractive product offers to send in direct mail events. Yet that is not all. MCIF systems also allow you to work some pretty sophisticated "back of the envelope" ROI calculations before you spend any money or effort. This assures each of your marketing campaigns will pass a worthwhile ROI threshold before you commence mailing. MCIF systems will also calculate the revenue return and profit of each and every marketing campaign. "Very cool!" Some systems also have the ability to manage sophisticated matrix mailing campaigns which are very valuable in developing a deeper relationship with new clients during the initial 90 day "honeymoon" period.

### ***If Is Easy To Get Actionable Information***

We started by saying that MCIF systems with their point and click windows technology made it easy for management and staff themselves to get answers. Analysis of clients and products and profitability all come together in an easy tool. And it is easy...certainly in comparison to getting the same answers from your data warehouse, if you could even get it. The opportunity to get information is limited only by your imagination.

Most systems have standard reports to make your analysis easier to understand. Fundamentally you can view and work with any subset of the information. A great starting point includes evaluating your top, most important clients like most every other business does. This is especially important when you compare the calling efforts of your toughest competitors like brokerage houses and insurance companies, as they connect with high value prospects. Are they hoping to steal your best clients?

Once you have a group you want to examine, you have a number of tools at your disposal that you don't have in the core system. You can map where the clients or prospects are in relation to your facilities. Examine your penetration in the market and use the information for more accurate site selection. Why don't you use the cool information you have to communicate compelling trends using graphing? All of these tools help you better understand your clients, the market you serve, and your risks and opportunities.

An MCIF also becomes the foundation for populating a sales and service platform or CRM system. This is where you can truly leverage the enhanced information. Think your front-line staff could do some damage if they knew your clients better?

Is an MCIF different than a data warehouse? Is there any point in having further debate? There is power in information; always has been, always will be. And when you make the information easily available to non-technical staff in the form of an MCIF, the power and value is amplified.

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All of these items are of value and should be part of *any* successful campaign. So shouldn't your front line MSR's, lenders, collectors, call center and management teams have that data available to them *all* the time, in real time from the core?

Any system that suggests the next product to sell should have the most up-to-date information available to it, at all times. You never know when the interaction you had with a member a few minutes ago could provide the perfect spark for a new product offer in online banking, ten minutes later – not ten hours later when the IT team gets around to doing the next upload.

The ease with which you can access your member and transaction data, *analyze* that data, *understand* the opportunity provided by the data and finally, *take action* on the data, is what will drive opportunities into your organization.

And those opportunities should be driven directly to all of your member touch points: online banking, text and email messaging, phone calls, online chat, you name it – and what the member sees or responds to in one channel should automatically inform all of the other ones.

Perhaps your MCIF solution should be as close to you as your core data is. Perhaps your core system should be your MCIF solution.



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A response from **CU\*ANSWERS**  
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