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Customer-Driven Business Model Redefinition after the Financial Crisis

Recommendation Intention and Customer Value in Banking

The Adoption of Inter-Organizational Systems in Financial Services

Process Maturity in the Securities Lending Industry

GOETHE UNIVERSITÄT FRANKFURT AM MAIN
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Editorial

Customer-Driven Business Model Redefinition after the Financial Crisis

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Would the economic recovery follow a V-, U- or L-shape? This question was raised right from the beginning of the financial crisis.

The economic earthquake was followed by an emotional one – especially for customers of banks and financial institutions. Every responsible manager in a financial institution should be faced with the "shape" question applied to customer confidence: will it follow the shape of a V, U, or – in the worst case – an L or W?

Regaining customer confidence is first priority. Sustainable business success is fundamentally based on customer confidence and trust. Therefore, rebuilding customer confidence and establishing customer benefit have to be cornerstones of a bank's business model.

Aligning the business model to customer benefit requires action in four dimensions:

- Value proposition, vision and mission
- Business strategy and corporate goals
- Integrated offering including advice, products and services
- Corporate Governance

1.: The value proposition has to focus on the creation of customer benefit. This has to be combined with transparency, competence, value-for-money, security and performance. Experienced customer benefit will reestablish confidence and trust and will be a critical success factor for sustainable business results.

2.: A clear understanding of customers and a systematic customer segmentation and definition of target segments are fundamental for formulating the business strategy. On this basis, the offering and sales strategy as well as the firms' goals have to explicitly balance the shareholder and customer perspectives.

3.: For the customer of a bank, the benefit of the bank relationship is the result of the mix of advice, products and services. Sales, product management and marketing, as well as middle and back offices should be given the target to optimize this benefit. This will only happen, if the corporate governance including target setting and leadership principles support this goal.

- High quality of advice relies on knowing the needs, goals and desires of the customer as well as the customer's readiness to assume risk. Best advice should enable the customer to make his own fact-based decisions. Advice and sales should not be seen as contradictory but support each other.
- The starting point of product design has to be the definition of the customer benefit. It results from transparency, performance and appropriateness with respect to the customer needs. This holds true for classical banking products as well as for financial innovations. Pricing is specifically relevant in this context. For example, a fair share of investment results between customer and shareholder will be a proof point from the customer's perspective.
- The bank's communication with the customers should be a consistent and continuous dialogue and make the benefit from the relationship apparent to the customer. Trust will thrive only based on consistency and continuity of communication and delivery.

4.: The corporate management, sales management, product management as well as middle and back offices have to fully embrace the customer dimension. The governance has to anchor the customer perspective deeply in the organization. This is vital for the organizational structure, e.g. establishing a chief customer officer, but also for the processes and decision principles, e.g. allocation of resources or introduction of new products.

The financial, economic and emotional crisis has put the business models of banks into question. Banks which answer these questions by aligning their business model to the creation of benefit for customers and shareholders will arise from the crisis as winners, regardless of the shape of the recovery curve.

Research Report

Recommendation Intention and Customer Value in Banking

IN THE PAST YEARS THE CUSTOMER FEEDBACK METRIC RECOMMENDATION INTENTION HAS GAINED IMPORTANCE, ESPECIALLY DUE TO THE WIDESPREAD CONCEPT NET PROMOTER SCORE (NPS). THE NPS CONCEPT IMPLIES A POSITIVE, NON-LINEAR RELATIONSHIP BETWEEN RECOMMENDATION INTENTION AND CUSTOMER VALUE. THIS ARTICLE INVESTIGATES THE RELATIONSHIP BETWEEN RECOMMENDATION INTENTION OF INDIVIDUAL CUSTOMERS AND THEIR VALUE FOR THE FIRM. THE RESULTS SHOW THAT RECOMMENDATION INTENTION SIGNIFICANTLY INCREASES CONTRIBUTION MARGIN BUT NEITHER RETENTION NOR CUSTOMER VALUE. THE METRIC SATISFACTION HAS A SIGNIFICANT, POSITIVE IMPACT ON CUSTOMER VALUE AND CAN THUS BE USED AS A LEADING INDICATOR. THEREFORE, THE RESULTS DO NOT CONFIRM THE SUPERIORITY OF THE NPS CONCEPT FOR CUSTOMER MANAGEMENT.

Philipp Schmitt
Steffen Meyer
Bernd Skiera

Introduction

Both practitioners and academics agree that customers are the most important asset for most firms. Hence, the development of the value of this asset should be considered for strategic planning. Doing so, one major aspect is undoubtedly the selection of meaningful metrics for assessing the value of a customer. While there is wide agreement that customer metrics are important, there is no consensus on which metrics are the most appropriate ones.

One customer feedback metric has particularly gained attention in the past few years: recommendation intention, which is the basis of the Net Promoter Score (NPS). Since loyalty consultant Fred Reichheld introduced it in a 2003 Harvard Business Review article, the NPS concept has been implemented by dozens of companies around the world, among them industry leaders such as GE, American Express and Allianz. The claim of the NPS concept is that recommendation intention is the most important customer feedback metric.

A recent research study conducted at Goethe University and the E-Finance Lab is the first to investigate this claim empirically. The results show that recommendation intention significantly increases contribution margin but neither retention nor customer value. Another widely used customer feedback metric, satisfaction, has a significant, positive impact on customer value. Hence, the superiority of recommendation intention as customer feedback metric cannot be confirmed. This article summarizes the aforementioned research study by outlining the concept of the Net Promoter Score, reporting the empirical impact of recommendation intention on customer value and discussing recommendations for practice concerning the usage of customer feedback metrics.

The Net Promoter Score (NPS)

At the core of the NPS is a question about recommendation intention on a scale from 0-10 ("How likely is it that you would recommend [company X] to a friend or colleague?"). The customers are then clustered into Promoters (those answering 10 or 9), Passives (8 or 7) and Detractors (6 or lower). The NPS is the difference between Promoters and Detractors in %-points (see Figure 1).

The clustering into the three groups Promoters, Passives and Detractors implies a non-linear effect of recommendation intention. Reichheld (2003) states that only the most enthusiastic customers are the attractive ones. Hence, a firm should not try to marginally improve the recommendation intention of its customers (i.e. bring a customer with a recommendation intention of 3 to 4) but strive to lift its customers over the threshold of being a Promoter.

Reichheld (2003) claims that NPS should be used for two reasons: first, recommendation intention is supposed to be the most important customer feedback metric, since it shows the highest correlation with repeat purchases und referrals. Hence, promoters should differ from Detractors in retention, margins, money spent with the company, costs-to-serve, word-of-mouth and ultimately customer value. Second, NPS is supposed to be the most reliable indicator for the growth potential of the firm. Therefore, recommendation intention, as the basis of NPS, could be used as a (i) pivotal

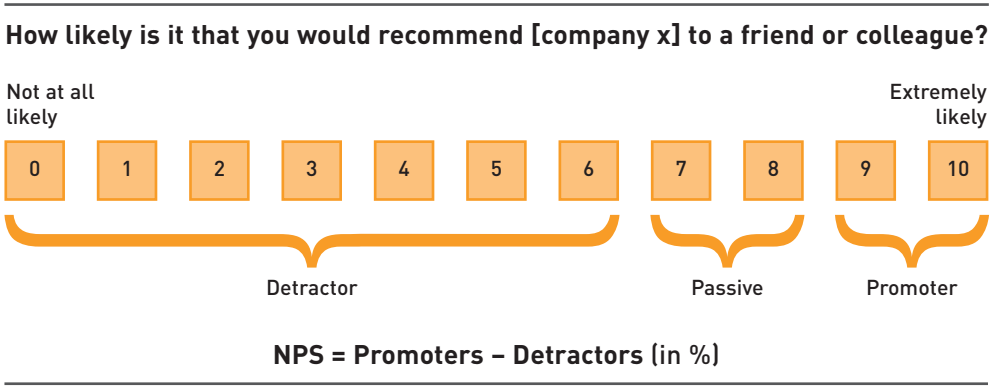

Figure 1: Calculation of the Net Promoter Score

tool for customer management and (ii) leading indicator for changes in firm value.

While practitioners appreciate the simplicity and intuitive comprehensibility of NPS, academic research has cast serious doubt over its superiority at the firm level (Keiningham et al. 2007). It has remained unclear whether this is due to methodological limitations of aggregate data or the fact that NPS is not an outstanding indicator of future revenue growth. To shed light on this important question, customer-level research about the basis of the NPS – recommendation intention – is needed and the potential impact of recommendation intention on customer value has to be addressed.

Empirical Impact of Recommendation Intention on Customer Value

Using data from private customers of a leading German bank we investigated the impact of recommendation intention on customer value and compared it with the impact of another widely used customer feedback metric, satisfaction. The two major drivers of customer value are the individual contribution margin and retention rate. In order to obtain a more thorough understanding of the impact of customer feedback metrics (i.e., recommendation intention and satisfaction), we also focused on each driver separately. The results show that:

- Recommendation intention does not have a significant impact on customer value.
- Recommendation intention has a significant, positive and sizeable impact on contribution margin.
- Recommendation intention does not have a significant impact on retention.
- Satisfaction has a significant, positive and sizeable impact on customer value.
- The impact of recommendation intention (and satisfaction) on customer value and contribution margin seems linear (see Figure 2).

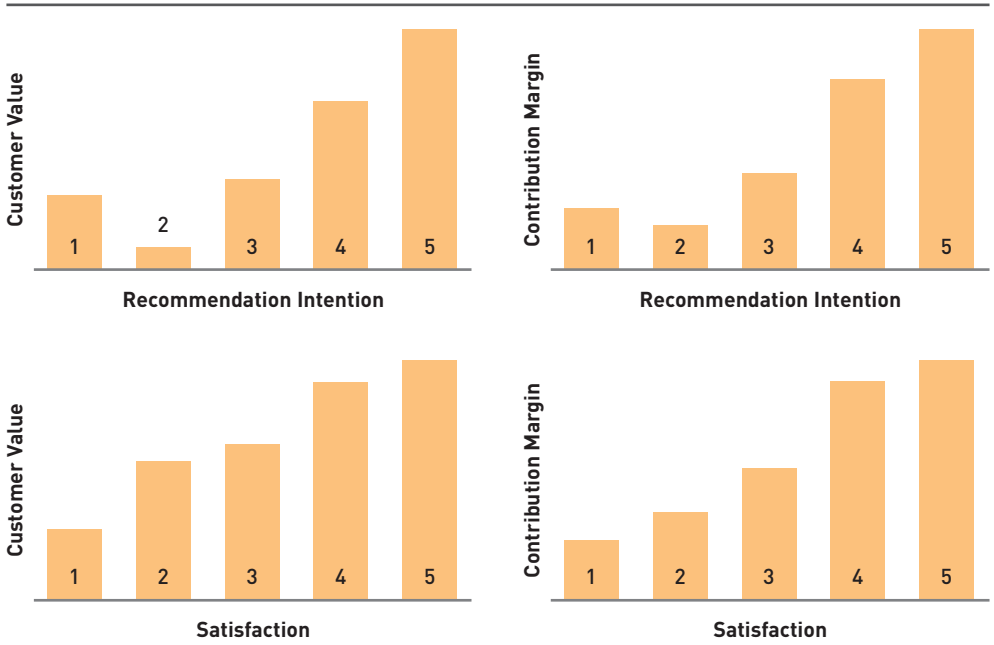

Figure 2: Relationship of Recommendation Intention (Satisfaction) and Customer Value / Contribution Margin*

Recommendations for Practice Concerning the Usage of Customer Feedback Metrics

Based on the empirical results we offer the following three recommendations to practice:

1. Measure satisfaction: Results showed a significant impact of satisfaction on customer value, while no such effect was found for recommendation intention. Hence, satisfaction seems more appropriate as a leading indicator for future customer value and should be used by forward-looking firms. Measuring recommendation intention might still make sense, but only as a complement to satisfaction not a substitute.

2. Improve customer feedback – small steps pay off, too: Results showed that customer feedback metrics have a linear impact on customer value and no threshold from which improvements count, as postulated by Reichheld (2003), was found. Hence, every improvement of customer feedback pays off as long as the costs for the improvement are not higher than the increase in value.

3. Connect feedback metrics with business metrics: To understand the drivers of customer value and other business metrics (e.g., contribution margin), feedback metrics (e.g., satisfaction, recommendation intention) and business metrics need to be connected on the individual level. Such a connection allows for better understanding the long-term influence of (soft) customer feedback on (hard) business success.

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A Longitudinal Examination of Net Promoter and Firm Revenue Growth. In: Journal of Marketing, Vol. 71 (2007) 7, pp. 39–51.

This article is based on the following research study:

Schmitt, P.; Meyer, S.; Skiera, B.: Überprüfung des Zusammenhangs zwischen Weiterempfehlungsbereitschaft und Kundenwert. In: Schmalenbachs Zeitschrift für betriebswirtschaftliche Forschung zfbf; 62. Jahrgang (2010) 3, pp. 30–59.

* Numerical Values of Customer Value and Contribution Marging are not shown due to confidentiality. Recommendation Intention and Satisfaction are measured on a 1–5 scale. Concerning category 1 and 2 the low number of respondents (10 for recommendation intention and 13 for satisfaction) has to be taken into account.

Research Report

The Adoption of Inter-Organizational Systems in Financial Services

NEW TECHNOLOGIES LIKE GRID COMPUTING WHICH CAN CONNECT RESOURCES AT DIVERSE LOCATIONS ARE MORE AND MORE ADOPTED FROM ORGANIZATIONS. SUCH TECHNOLOGIES CAN BOTH TRIGGER LINKAGES BETWEEN ORGANIZATIONS AND DIFFERENT DEPARTMENTS IN ONE SINGLE ORGANIZATION. WE DEVELOP A MODEL WHICH ACCOUNTS BOTH FOR INTER- AND INTRA-ORGANIZATIONAL INFLUENCE FACTORS ON THE ADOPTION PROCESS AND EMPIRICALLY IDENTIFIES THE MOST SIGNIFICANT INFLUENCE FACTORS.

Christian M. Messerschmidt Oliver Hinz

Motivation

Over the last decade, a fundamental transformation has taken place as a networked economy has evolved in which multiple organizations collaborate and create supply chains or value networks (e.g., think of the dwpbank executing the securities settlement for a number of competing banks). Such networks constitute webs of relationships that generate both tangible and intangible value through complex dynamic exchanges between two or more organizations. Any agent engaged in these kinds of exchanges can be viewed as a value network in itself, whether in private industry, government or the public sector. This has given rise to important questions regarding the adoption of new technology in such a closely collaborating and networked economy. Most of the literature on the adoption of IT in organizations has focused exclusively on the characteristics of a single firm and the properties of the technology being adopted. We, however, observe that new technologies can also cross the boundaries of the firm, and thus the co-creation of IT value is an important topic for future research. Hence, it is necessary to understand how IT is also adopted among multiple partners in an inter-organizational relationship. The adoption of a new technology can begin with the commitment of all network partners, but more often a single firm starts to adopt the new technology and then the adoption is imitated by cooperating or competing firms. The adoption of the technology thus crosses the firm's boundary and the diffusion process starts. The adoption should be seen as a process of social contagion where the adoption decision depends on the evaluation of other firms in the network. As outlined by Granovetter (1985), economic life is embedded in social relations. The focus on the atomic behavior of individual agents neglects the social interplay between different agents. It has been shown that social contagion occurs among prospective adopters in different contexts and that relationships significantly influence the adoption decisions of their peers. Thus, technology adoption models have to incorporate these social relations to be able to derive valid predictions. Based on institutional theory, adoption models were designed and tested that accounted for inter-organizational influence factors by analyzing mimetic, normative and coercive pressures through which surrounding institutions may force organizations to adopt FEDI (Financial Electronic Data Interchange). However, many innovations can be beneficial for a single firm even when their peers do not adopt them. The adoption may start within a single firm, and its benefits may increase later when the adoption crosses the firm's boundary, e.g., due to network effects.

Since little is known about the success factors in such a setting, which is an important precondition for a successful implementation, we examine the adoption of inter-organizational systems.

Inter-Organizational Systems

An Inter-Organizational System (IOS) can be defined as an information and management system that crosses organizational boundaries via electronic linkages with trading partners. The purposes are to share data, business applications, and information, and to provide business partners with electronic transaction capabilities for buying and selling goods and services.

Within large firms, organizational units can be single departments, and IOS can also be installed for a single firm, linking the departments within the firm. The top management can agree upon the deployment of an IOS without initially considering its inter-organizational (i.e., outside the boundary of the firm) benefits. Fig. 1 depicts Firm 1 deploying an IOS to connect its different departments (organizational units) because there is some derivative utility for the firm. In a second step, Firm 1's supplier adopts this IOS to improve its collaboration with Firm 1. This adoption might also trigger the adoption of the system by a competitor. Another instance of the diffusion process could be triggered by a consortium's agreement upon the deployment of an IOS for the entire supply chain.

There are numerous examples of IOS, and this kind of system is gaining increasing importance. Actually, nearly every Personal Computer based piece of software with export functionality possesses such properties. For example, Firm 1 could decide to install new spreadsheet software in their departments. This software has a derivative utility for each single department, but also benefits from network effects. The utility increases when the supplier also decides to install this software, as data can then be exchanged and shared more easily.

Other examples are the Internet and its related technologies, SAP R3, operating systems, and technologies like grid or cloud computing. The latter two are technologies that allow to share computer resources via the internet for computational purposes instead of using only software, storage or the computational power of the local PC. Especially grid computing seems interesting for the financial service industry for outsourcing computational tasks. We therefore focus on grid computing in our empirical study.

Representative Sample of IT Decision Makers

From the end of May until the beginning of July 2008, 2,538 potential participants in an online panel which consisted of IT decisionmakers in German industries were invited to respond to our online survey. To obtain a significant sample, all participants had to pass through a screening process. Participants had to fulfill three conditions: 1.) They had to occupy an executive position in their firm, 2.) They had to be responsible for the IT budget of (at least) their department, 3.) The firm had to have at least 50 employees.

Drivers for Adoption of IOS

It has been shown that the properties of organizations and the capabilities existing in these organizations have a strong influence on their intention to adopt new technologies. Capabilities can be a source of competitive advantage, but they also define the constraints of the degree of a structural change. We find a number of intra-organizational capabilities that have a significant influence on the intention to adopt grid computing technology. While firm size does not have a significant effect on the adoption of grid computing, the size of the IT department is a vitally important driver of the intention to adopt. This is a very interesting finding: It seems that larger IT departments have more human capabilities and expertise to accomplish the implementation of a new technology in the existing IT structure. Perceived resource scarcity does not show a significant effect on the adoption intention. The observed organizations seem to be equipped with sufficient IT resources so that they do not need access to the IT resources of other organizations via a grid. This is in line with the reported high fraction of idle resources in the industry. As shown before, their main interest may be the efficient balancing of existent IT resources or the opening up of new business opportunities through increased computational power.

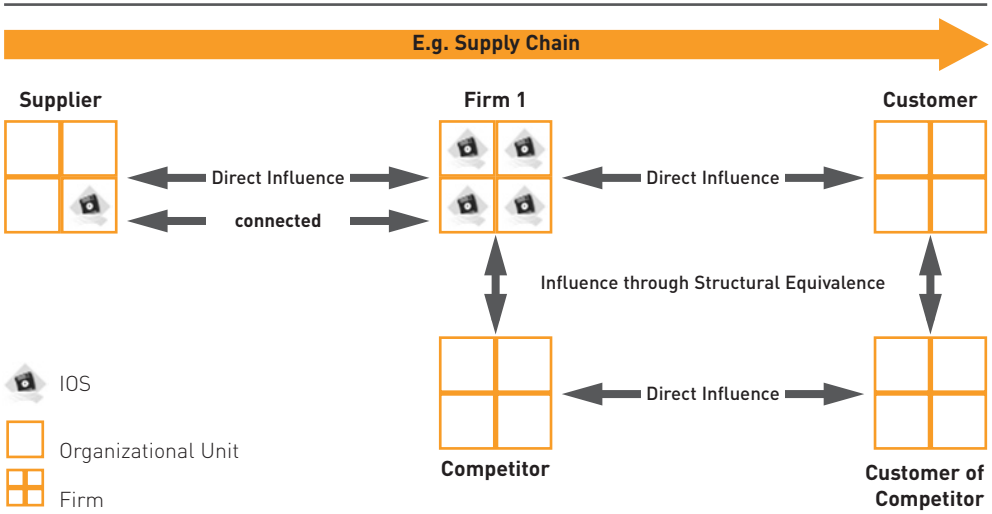

Figure 1: IOS in an Inter-Organizational Environment

The strongest positive effects within the intra-organizational influence factors are due to the innovativeness of the organization. Innovativeness is measured as management-related innovativeness and personnel-related innovativeness. In the case of serious changes such as the paradigm shift to grid computing, the project needs to be backed by the management, and thus the innovativeness of the management is an important driver for the adoption of this technology. The personnel-related innovativeness, however, seems to be even more important. If employees are innovative, they are also willing to adopt new technologies, while employees who are very conservative and cautious regarding innovations prefer familiar work processes and tools and may refuse to use the new technology. If an organization is open-minded about new practices and supports its employees in working with or thinking about new technologies, it has a stronger intention to adopt new technologies. The strong and significant positive effect of innovativeness on the adoption intention corroborates this argumentation. At a first glance, this outcome might be regarded as trivial, but it shows that although the idea of grid computing is more than 10 years old and its advantages are obvious, it is still regarded as an innovative and not as an established technology by the respondents of our survey. Another driver for the adoption of networked technology is trust. Trust in our case is a two-dimensional factor which includes trust in the technology itself and trust in the participants in a grid. Both factors contribute to the trust in this innovation, which is a pre-condition for a high intention to adopt. Interestingly, privacy concerns are not regarded an important problem; their influence on the intention to adopt can be neglected.

These findings illustrate that intra-organizational factors are important predictors for technology adoption processes. However, individuals as well as organizations are uncertain about new technologies as they become available on the market. This uncertainty is reduced as additional information becomes available. Certainly, this information is not exogenously given; it diffuses through the environment of the firm and can be gathered in communication with suppliers and/or customers or by recommendations from business or trade associations. Observing the actions of competitors might also influence the adoption process. There are different sources for such relevant information, which we summarize as inter-organizational factors.

Among the inter-organizational influence factors, coercive pressure shows the strongest effect on the adoption of grid computing. This means that dominant suppliers, customers, or parent companies can exert pressure on organizations to adopt this new technology. Hence, organizations must adopt the technology because their suppliers, customers, and parent corporations coerce them to do so. Especially in times of crisis, cost savings arguments can bring companies to use their resources more carefully. A similarly strong effect is measured by mimetic pressures. If the competitors of an organization have already adopted grid computing and suc-

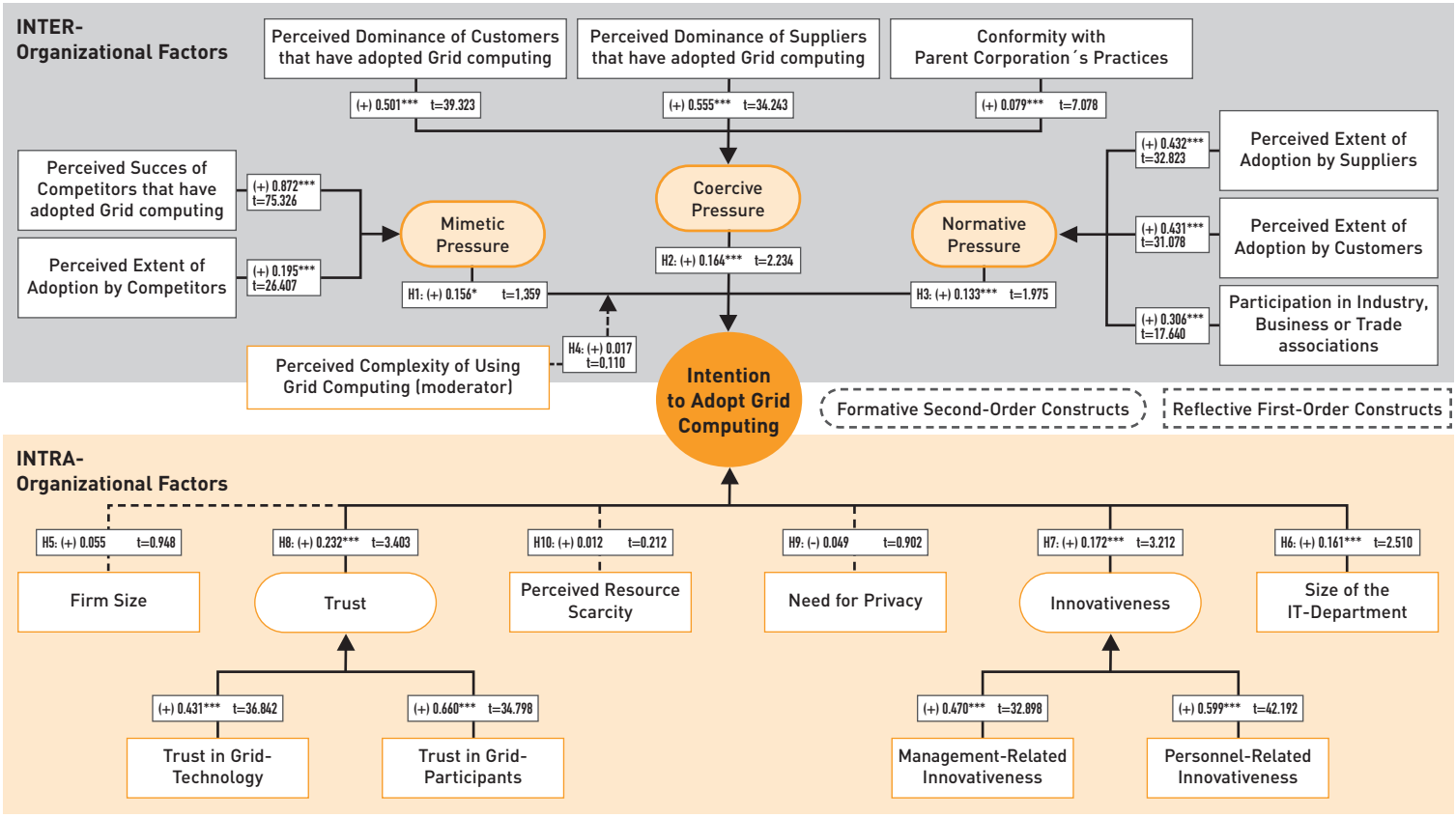

Figure 2: Resulting Path Model (*p<0.01, **p<0.05, *p<0.1)**

ceeded with it, the observing organizations are forced to follow along and benefit from its advantages, so as to avoid competitive disadvantages. The perceived complexity of using grid computing does not significantly moderate the effect of mimetic pressures on the adoption intention. Even when the complexity is perceived as high, the effect of mimetic pressures remains unchanged.

Normative pressures are also at work, although they are somewhat weaker in the case of grid computing adoption than mimetic and coercive pressure. The normative pressure is more indirect and can emerge through observing the spread of adoption within their business environment. In this case, firms want to avoid losing important suppliers and customers for being regarded as technologically backward.

In summary, the intention to adopt grid computing can partially be explained by inter-organizational factors. Organizations exist within a social environment, and social contagion influences the propensity to adopt new technologies (see Fig. 2 for results).

Conclusion

Our study illustrates that the properties and capabilities of the firm are one part that influences the intention to adopt new technologies. We show, for example, that properties and capabilities such as innovativeness are important antecedents for the intention to adopt. Firms are, however, part of a business network and therefore embedded in a social environment. Information reaching the firm through this social environment might put pressure on the particular firm. If competitors successfully introduce a new technology or collaborating firms report benefits that can be realized with new technologies, this exerts pressure on the firm which influences the intention to adopt the same technologies. As grid computing is an IOS providing both inter-organizational and intra-organizational linkages, both factor domains need to be considered when examining the adoption intention. By including inter- and intra-organizational influence factors, we explained 53.3% of the variance in the adoption intention, which is substantially higher than similar adoption models. This outcome indicates that intra-organizational influence factors should not be disregarded in the context of IOS adoption.

With the rise of a networked economy, we expect that the focus of research will further shift away from treating firms as atomic agents since firms are embedded in a social context which heavily influences decision making in the particular firm.

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Insideview

Process Maturity in the Securities Lending Industry

INTERVIEW WITH DENNIS SCHETSCHOK AND SYLVIA ROSENZWEIG, IBM DEUTSCHLAND GMBH

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Sylvia Rosenzweig
Consultant,
Capital Markets
IBM Deutschland

In 2009, IBM conducted a market study with leading financial markets institutions and examined their securities lending processes. Please provide some information on the background of the study.

Before the financial crisis, securities lending volumes were rising at an annual rate of 10%. Even though the market has slowed down during the crisis, we are expecting the trend to continue once the markets will have recovered. Institutions will need to handle rising numbers of transactions with existing resources, which will put them under pressure to optimize and automate processes in order to remain competitive. As a result, institutions must actively manage their process results and not leave them up to chance. In our study, we determined the market's readiness for the process-related challenges ahead.

Could you please summarize the main findings of the market study?

All participating institutions have process descriptions available and most of them have process controls via profit- or yield-related indicators in place. However, there are divergences regarding the level of detail and topicality of the documentation. Similarly, end-to-end process descriptions and documentation of process interdependencies are largely missing. Process management software is rarely used and process owners have limited responsibility. There are no process-based figures that could be used to detect inefficiencies at an early stage. Overall, process management maturity is rather low.

Concerning the individual design of securities lending processes, there is often no full integration between front- and back-office systems, which leads to interruptions in the process flow. Manual and often paper-based activities are used to bridge the gap between systems where interfaces are missing. Also, spreadsheets which are prone to error, are used to perform calculations or to monitor the process flow. In summary, there is a multitude of risks for process failures, but to the same extent also a high potential for automation. Companies just have to make use of it.

Which trends and challenges do you see for the institutions in this market in the next few years?

We expect the trend of rising transaction quantities and volumes to pick up again. Consequently, pressure on institutions to carry out transactions in a timely and correct manner with existing resources will rise. Likewise, the risk of errors occurring in the process flow will increase.

We also made the observation that institutions tend to disintegrate the securities lending process chain: They no longer bundle all activities within one department, but execute subprocesses such as corporate actions and fee calculations in different organizational units, even off-shore. We expect this trend to carry on as companies seek to lower their process costs. However, disintegration, in particular off-shore, adds to the complexity of the process due to the rising number of process interfaces and thus increases the need for a thorough process management.

How can market participants prepare for and benefit from the challenges ahead?

Institutions need to focus on building a solid process management. It is essential that they establish transparency of the process and its main influencing factors by means of process documentation and key performance indicators. Transparency will enable them to gain control over the process and to react quickly to arising difficulties. In addition, process-based metrics can be used to efficiently manage external service providers as well as service units within the organization via defined service levels. Similarly, maintaining detailed process documentation prevents the loss of know-how and flexibility even when a process is highly disintegrated.

Not every institution needs to strive for process excellence. The appropriate level of process maturity is based on factors such as risks and cost of processes.

Thank you for this interesting conversation.

Infopool

News

FinanceCom 2010 in Frankfurt

On August 29th and 30th 2010, Prof. Jan Muntermann (layer 2) will host the International Workshop on Enterprise Applications and Services in the Finance Industry (FinanceCom 2010) in cooperation with the Karlsruhe Institute of Technology (KIT). The conference will take place at the House of Finance in Frankfurt and will focus on opportunities of information technology in the financial services industry and its impact on financial markets.
Please visit *www.financecom.org* for further information.

Awards and dissertations

Dipl.-Oec. Stefan Schulte (layer 1) has received his doctoral degree on June 11th 2010 with a dissertation on "Web Service Discovery Based on Semantic Information – Query Formulation and Adaptive Matchmaking". Congratulations!

Christian M. Messerschmidt and Sven C. Berger (layer 3) received the outstanding paper award for their paper "Babbling Before Banking? Online Communities for Pre-Purchase Information Seeking in Financial Services", International Journal of Bank Marketing, 27 (2009) 6, pp. 446–466 from the Literati Network Awards for Excellence 2010. Congratulations!

E-Finance Lab researchers Prof. Dr. Roman Beck and Frank Zickert (layer 1) received a best paper award nomination at the 5th DESRIST Conference 2010 in St. Gallen, Switzerland. With their research, they present a new mapping model for assessing project effort in the requirements engineering process. Congratulations!

Sebastian Müller, former scholar of layer 2, recently moved to the University of Hamburg to take a position as a Research Assistant at the Chair for Entrepreneurship and Innovation. We wish him all the best in his future role and welcome him as new E-Finance Lab alumnus.

Outstanding E-Finance Lab Presence at Top IS Conference

E-Finance Lab researchers were able to show an outstanding performance and presence at the 2010 European Conference on Information Systems (ECIS), one of the largest and most prestigious Information Systems (IS) conferences. Of the 471 research papers submitted, 170 were accepted for presentation at the conference. We are proud to announce that 17 accepted papers originated from Goethe-University, 12 of which were written by E-Finance Lab researchers.

Selected E-Finance Lab publications

Bermes, M.; Horn, L.; Skiera, B.:
Now or Never: Using the Financial Crisis to Get Serious about Customer Equity in Financial Reporting.
In: Proceedings of the European Academy of Management Conference (EURAM). Rome, Italy, 2010.

Ende, B.; Lutat, M.:
Trade-throughs in European cross-traded Equities after Transaction Costs – Empirical Evidence for the EURO STOXX 50.
In: 2nd International Conference: The Industrial Organisation of Securities Markets: Competition, Liquidity and Network Externalities. Frankfurt am Main, 2010.

Fischer, M.; Steffen, S.:
Bank Capital Ratios, Competition and Loan Spreads.
In: 2010 FMA European Conference. Hamburg, 2010.

Groth, S.:
Enhancing Automated Trading Engines to Cope With News-Related Liquidity Shocks.
In: Proceedings of the 18th European Conference on Information Systems. Pretoria, South Africa, 2010.

Lampe U.; Schuller, D.; Eckert, J.; Steinmetz, R.:
Optimizing Service Selection for Probabilistic QoS Attributes.
Forthcoming in: 5th International Conference on Software and Data Technologies (ICSOFT 2010). Athens, Greece, 2010.

Imbierowicz, I., Wahrenburg, M.:
Credit Rating Announcements – The Impact of the Agency's Reason, Public Information, and M&A.
In: 2010 FMA European Conference. Hamburg, 2010.

Prifling, M.:
The Organizational Culture's Influence on Risks in IT Projects – A Structuration Perspective.
Forthcoming in: Proceedings of the 16th Americas Conference on Information Systems (AMCIS). Lima, Peru, 2010.

Rauch, C.:
Bank Fragility and the Financial Crisis – Evidence from the US Dual Banking System.
In: 2010 FMA European Conference. Hamburg, 2010.

Schulze, C.:
Affiliate Marketing: Setting Optimal Commissions.
In: Proceedings of the 39th Conference of the European Marketing Academy (EMAC). Copenhagen, Denmark, 2010.

Weber, S.; Beck, R.; Gregory, R.:
Design Science in Research Cooperations with the Industry: Findings from three Prototyping Projects.
In: Proceedings of the 5th International Conference on Design Science Research in Information Systems and Technology (DESRIST 2010). St. Gallen, Switzerland, 2010.

For a comprehensive list of all E-Finance Lab publications see:
http://www.efinancelab.com/publications

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RESEARCH PAPER: IS CUSTOMER PARTICIPATION IN VALUE CREATION A DOUBLE-EDGED SWORD? EVIDENCE FROM PROFESSIONAL FINANCIAL SERVICES ACROSS CULTURES

Emergent perspectives in marketing highlight new opportunities for co-opting customers as a means to define and cocreate value through their participation. Successful examples are seen in financial institutions that allow the participation of customers in product development. This study delineates and empirically tests hypotheses regarding the effects of customer participation (CP) on value creation and satisfaction for both customers and employees in the context of professional financial services. Using data collected from 349 pairs of customers and service employees of a global financial institution, this study examines how CP drives performance outcomes (i.e., customer satisfaction, employee job satisfaction, and employee job performance) through the creation of economic and relational values. Promoting CP could be a double-edged sword for firms: CP enhances customers' economic value attainment and strengthens the relational bond between customers and employees, but it also increases employees' job stress and hampers their job satisfaction.

Chan, K. W.; Yim, C. K.; Lam, S. S. K.
In: The Journal of Marketing 74 (2010) 5, pp. 48–64.

RESEARCH PAPER: AN ECONOMIC ANALYSIS OF SERVICE ORIENTED INFRASTRUCTURES FOR RISK / RETURN MANAGEMENT

Risk / return management has not only evolved as one of the key success factors for enterprises, especially in the financial services industry, but is in the times of the financial crisis crucial for the survival of a company. However, a reliable risk / return management demands powerful and at the same time flexible computational resources making it an almost ideal application for service-oriented computing concepts. Taking the estimation of covariances for a portfolio of risky investment objects as an example, the authors propose quantification for the economic value of fast risk / return management calculations. Their model analyzes the influence factors on the optimal computing capacity dedicated to these calculations and reveals interesting insights in how far the optimal computing capacity depends on market parameters. Therefore, this paper constitutes a contribution to understand the application of service-oriented infrastructures in the specific domain of risk / return management.

Buhl, H.U.; Fridgen, G.; Hackenbroch, W.
In: Proceedings of the 17th European Conference on Information Systems (ECIS 2009), pp. 2060–2072. Verona, Italy, 2009.

Electronic newsletter

The E-Finance Lab conducts two kinds of newsletters which both appear quarterly so that each six weeks the audience is supplied by new research results and information about research in progress. The focus of the printed newsletter is the description of two research results on a managerial level – complemented by an editorial, an interview, and some short news. For subscription, please send an e-mail to eflquarterly@efinancelab.com or mail your business card with the note "please printed newsletter" to

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