



**Where Eagles Soar Inc.  
Randy Gilbert, Vice President  
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# ***Eagle Net***

## **Gone PHISHING**

The war on fraud is focusing on the insider front. Phishing syndicates in Eastern Europe are getting a lot of attention as a threat to banks, however technology vendors are focusing on a danger much closer to home: employees and job applicants.

## **Bank of Ireland Mix-Up**

A goof that brought fleeting joy or anguish to an estimated 60,000 households and businesses countrywide by the Bank accidentally executing all of the previous day's automated payments a second time. This resulted in about 130,000 duplicated transactions, giving thousands an extra pay cheque or grabbing an extra mortgage payment.

## **Bank of Ireland Cost Cutting**

In March, the Bank announced plans to cut 2,100 jobs, or 12% of the payroll in a major cost cutting drive.

## **RBC Royal Bank of Canada Gets Around Federal Laws**

A pilot project by RBC to open insurance outlets adjacent to its branches. The move would allow the Bank to get around federal laws prohibiting the sale of insurance in its branches.

## **Manulife Is Good to Go**

When asked about possible mergers between Canadian insurers and banks, Dominic D'Alessandro, CEO of Manulife Financial Corp. said he is waiting to see what the federal government decides. "We are well positioned, we believe, for whatever eventuality is permitted by whatever modifications to the existing policy the minister makes. Not everybody has got the opportunities available to them that we do. That's not a criticism, that's just a fact" Mr. D'Alessandro said.

## **Canadian Firms Lag Managing Customers**

A Canadian Marketing Association study found that Canadian firms fall below the world's benchmark in most of the 10 key areas of best practices in customer management. Significant shortfalls exist in process management and technology support of customer capabilities, meaning Canadian companies have not yet invested in major business changes necessary to align organizations around customers. Canadian companies are not yet creating value through customer loyalty.

## **ICICI Bank Canada**

Launched in December 2003 and catering to Toronto's cultural mosaic, the Bank has attracted 10,000 customers and 90 employees who speak 17 languages, and have installed multilingual ATMs. As a subsidiary of ICICI Bank Ltd., India's second largest bank, ICICI allows customers in India, the Middle East and United Kingdom to start setting up Canadian accounts before they arrive in Canada and are able to give them full value for their employment in their old country.

## **Canadian Bank Mergers Seen Doubtful Anytime Soon**

It is believed that it will take a majority federal government to renew speculation about Canadian Bank mega-mergers, despite Finance Minister Ralph Goodale's plans to release merger guidelines "well before the end of the year". Most likely pairings continue to be Bank of Nova Scotia with Canadian Imperial Bank of Commerce, and RBC Royal Bank or Toronto Dominion Bank with the Bank of Montreal.

## **Identity Thieves Linked to ATM Theft in Canada**

The Royal Canadian Mounted Police are blaming a ring of identity thieves for a series of thefts at a British Columbia credit union and other financial institutions in which the thieves stole machines used to generate ATM cards.

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## **A Sweet Deal Gone Sour**

Some financial analysts believe that it is "inevitable" that RBC Royal Bank will sell Centura. RBC Centura has been a non-factor in the U.S. Southeast and is essentially a relatively small one-state bank (North Carolina) operating outside the larger urban areas. The Southeast region has become a fast growing, competitive and expensive region which includes North Carolina, Florida and Georgia.

## **Australian Plan for Interchange Upsetting Many**

The Reserve Bank of Australia is considering a series of proposals that would shake up the country's debit payment industry. THE RBA's draft standards for PIN debit would cut interchange revenue for merchants, and the draft standards for VISA International's debt payment systems would cut interchange revenue for card issuers.

## **CIBC Unit Faces \$10 Million Suit**

CIBC World Markets Inc. has become embroiled in a legal battle with a former branch manager who alleges the firm has a campaign to ruin his reputation after he took a job with TD Waterhouse Group Inc.

## **Longer Hours: Are Returns Diminishing?**

Extended branch hours have given some banking companies a competitive edge in recent years. Now the trend may be reaching a tipping point, and keeping branches open 10 hours a day may soon be standard, and an expensive practice. Banking companies have had mixed results with longer hours and must weigh the added staffing costs against the potential to win business.

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## **RBC Royal Bank Cuts Ties with AOL**

On the fifth anniversary of the dot.com peak, RBC announced it was exiting a joint venture with Internet giant America Online Inc. Canada's largest bank spent \$60 million (U.S.) to acquire a 20% stake in AOL Canada Inc. in 1999. It said it was selling back its minority shares to focus on its core banking business ... no terms were disclosed.

## **Citigroup CEO Seeks Employee Accountability**

Citigroup CEO, Charles Prince, "embarrassed" and "angry" following the forced shutdown of the company's private bank in Japan, is traveling the world with an edict for employees: "How we do business is just as important as how much business we do". The world's biggest bank's reputation in Japan has been frayed by allegations that employees failed to block money laundering and committed fraud. In an interview with the New York Times, Prince said "We've been kicked out of the private banking business in Japan because the regulator has said we're not fit to run that kind of business in Japan. It's embarrassing. That's a big deal; that's a really big deal".

## **St. George Bank Wins Corporate Governance Award**

St. George won the award for Corporate Governance at the Australian 2004 Ethical Investor Sustainability Awards. St. George was congratulated for improving its corporate governance to achieve best practice in line with ASX principles. The strategy developed by CEO, Gail Kelly, and the Board, focused on achieving a high level of customer service satisfaction by engaging stakeholders and the community – Congrats Gail!

## **Synovus Maps Overhaul of Consumer Operations**

Synovus Financial Corp. is overhauling its consumer banking operations in a broad initiative that will expand products and services, renovate its 281 branches and add 25 in fast growing markets. The focus on consumer banking is "our most important initiative in 2005", according to President and Chief Operating Officer, Richard Anthony.

## **Bankers Still Like Traditional Branch Designs: Survey**

While banks are transforming branches into stylish retail “stores” and trying to cross-sell multiple products, a survey has found that most bankers prefer the traditional look, and most customers are buying the same products they have always brought from banks. The American Bankers Association 2005 Community Bank Competitiveness Survey also found that customers continue to value service over everything else. Just one half of the bankers who remodeled said that they adopted one particular new concept: sit down teller stations.

### **Quick Hits**

- Community Banks in the U.S. are finding the cost of complying with Sarbanes-Oxley, the USA Patriot Act and other regulations, increasingly burdensome.
- JP Morgan asked the Delaware Court of Chancery to terminate its 1996 agreement with Sallie Mae on the grounds that Sallie has changed its business model and become an aggressive direct competitor to the Chase brand.
- Citigroup Inc. is telling its Diners Club cardholders that their cards will be reissued with a MasterCard logo in May or June.
- Now that he has secured shareholder approval to sell a 51% majority stake of Banknorth Group Inc. to Toronto Dominion Bank, Banknorth Chairman, William J. Ryan can focus again on what he likes to do most – buy banks now that he has access to a deep-pocketed parent.

### **MasterCard Revamps Program**

MasterCard International has upgraded its World MasterCard program to appeal to the 14% of the U.S. population whose annual household income is more than \$100,000. MasterCard has added rewards such as the ability to donate points to charity, no blackout airline tickets, individual retirement account programs, and store gift certificates. The rewards fall into four categories – personal, family, finances and community. Issuers can choose which rewards to offer.

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## **Conference Updates – U.S.A.**

- a) 17<sup>th</sup> Annual Card Forum & Expo  
May 4-6, 2005  
Omni Orlando Resort, ChampionsGate, Florida
- b) 3<sup>rd</sup> Annual Branch Banking Symposium  
May 4-6, 2005  
Marriott Downtown Hotel, Chicago, Illinois
- c) 10<sup>th</sup> Annual Small Business Banking Conference  
October 26-28, 2005  
InterContinental Hotel, Addison, Texas

## **Chase Plans Card Blitz**

JP Morgan Chase & Co. plans to expand its credit card receivables faster than the overall market this year by spending more on advertising, marketing to riskier credits and possibly acquiring other issuers.

## **Britons Racking Up More Debt**

A 45% surge in the average Briton's borrowings since 2000 has helped consumer debt in the United Kingdom rise to more than \$1.9 trillion, according to a study by the research company Datamonitor PLC. The average Briton owes \$2,488 on credit cards, \$3,615 on other unsecured loans, and \$1,551 on overdrafts or to stores or vehicle retailers.

## **FICU Loan-to-Share Ratio Highest Since 2000 (U.S.A.)**

The loan-to-share ratio for federally insured credit unions grew to 74.49% in 2004, the highest it has reached since 2000. Loans were up 10% at the same time, while delinquencies continued to decline to the lowest point in recent history at 0.72%, according to preliminary year-end data from NCUA.

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## **Top 10 Credit Unions (U.S.A.) in Total Assets (Dec. 31/04)**

<u>Rank</u>	<u>State</u>	<u>Credit Union</u>	<u>Assets</u>
#1	VA	NAVY	\$22,927,744,968
#2	NC	STATE Employees	\$12,116,795,693
#3	VA	Pentagon	\$7,021,387,109
#4	CA	The Golden 1	\$5,436,125,041
#5	CA	Orange County Teachers	\$5,197,077,790
#6	WA	Boeing Employees	\$5,151,934,778
#7	FL	Suncoast Schools	\$4,491,815,616
#8	IL	Alliant	\$4,467,455,506
#9	TX	American Airlines	\$3,992,925,494
#10	TX	Security Service	\$3,588,543,498

(Total Credit Union Assets \$661,819.2M)

## **Credit Union Times' 2004 CEO of the Year**

Credit Union Times has selected Wescom Credit Union CEO, Darren Williams, as its CEO of the Year. Williams has been leading the \$2.9 billion credit union for 8½ years and has produced some stunning performance numbers. Wescom has tripled its assets and more than doubled its membership.

## **VISA Reports Transaction Volume Hike in U.S.**

Sales volume on all types of VISA-branded cards last year rose 19.1% from 2003, to \$1,045 trillion. Total volume, including cash advances, rose 17.9% to \$1.3 trillion, according to VISA USA Inc. U.S. PIN debit transaction volume more than doubled to \$67.9 billion, leaving VISA's credit and signature debit total at \$977.5 billion – a record year.

## **Deutsche Bank AG to Cut Even More Jobs**

Deutsche has axed almost a third of its staff since May 2002. The cuts include 2,700 back office jobs and about 2,700 in corporate and investment banking, private-client, and asset management units.

## **Geography Will Drive Many U.S. Community Bank Mergers**

With competition and regulations squeezing small banks, there is little doubt that there will be plenty of merger deals again this year. The question is where? Though last year was an active one for community bank deal making, many eager buyers and sellers are still in the market, insiders and analysts say.

## **Uneven Application of Basel II Accord?**

Former U.S. Comptroller of the Currency, John D. Hawke Jr., has predicted that the Basel II capital standards will not be applied evenly in different countries, because regulators have too much discretion. Basel II is scheduled to go into effect in 2008 and will probably be used by nearly 20 U.S. banks. But in many European countries, banks will have to use some version of the new risk-focused rules. Banks in countries with more "intrusive" regulators would have a much heavier regulatory burden.

## **VISA U.S.A. Upgrading Logo**

The VISA logo, one of the most recognized around the world, is undergoing a change. The well-known VISA dove hologram on the front of the card will be moved to the back and be integrated with the magnetic strip, making card counterfeiting more difficult, while allowing a larger part of the front of the card to be used for new issuer designs or communication.

## **Online Banking Continues to Grow in U.S.**

Online banking continues a steady trend upward for Americans using the Internet. According to the most recent survey conducted by the PEW Internet & American Life Project (undertaken November 2004 and released in February 2005), some 53 million individuals, representing 44% of Internet users and one quarter of all adults in the U.S., have now used online banking.



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## **And For a Final Thought About Marketing**

When buying real estate, you should consider location, location, location.

In marketing, you should consider frequency, frequency, frequency.

Here is what your potential customer thinks about your ad:

- The first time a man looks at an advertisement, he does not see it.
- The second time, he does not notice it.
- The third time, he is conscious of its existence.
- The fourth time, he faintly remembers having seen it before.
- The fifth time, he reads it.
- The sixth time, he turns up his nose at it.
- The seventh time he reads it through and says, "Oh brother!"
- The eighth time, he says, "Here's that confounded thing again!"
- The ninth time, he wonders if it amounts to anything.
- The 10<sup>th</sup> time, he asks his neighbour if he has tried it.
- The 11<sup>th</sup> time, he wonders how the advertiser makes it pay.
- The 12<sup>th</sup> time, he thinks it must be a good thing.
- The 13<sup>th</sup> time, he thinks perhaps it might be worth something.
- The 14<sup>th</sup> time, he remembers wanting such a thing a long time ago.
- The 15<sup>th</sup> time, he is tantalized because he cannot afford to buy it.
- The 16<sup>th</sup> time, he thinks he will buy it some day.
- The 17<sup>th</sup> time, he makes a memorandum to buy it.
- The 18<sup>th</sup> time, he swears at his poverty.
- The 19<sup>th</sup> time, he swears at his poverty.
- The 20<sup>th</sup> time, he sees the ad, he buys what it is offering.

The list you've just read was written by Thomas Smith of London in 1885 ...and it still holds true today.