



# *Eagle Net*

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## **CARS, TRAINS AND PLANES**

Personal transportation over the years has been the subject of movies, the basis for improved mobility and the opportunity to do it your way. Many of us have had the habit of exhibiting our personalities through personal transportation vehicles and how we customize or supercharge them. If you have the money you can even do it with an airplane, right Heff?

Well, maybe we have finally reached the conversion wall in personal transportation due to the skyrocketing price of oil and related products? Gas guzzlers – the pick-up trucks, the SUV's, mobile homes etc. cost more to fill up in a month than probably many people's mortgage payments. That is not the kind of comparative choice we envisioned a decade ago but it is today's reality. Already the Big Three car lots have become distributed inventory parking centres around North America.

The impacts on our economic and social lives necessitate lifestyle changing events and purchase patterns all of which will impact our financial services industry to the core, locally and globally. North America is a continent of commuters for work and play, as well as shopping. In this first wave of changes, people will assess current personal transportation costs and look for options as well as plan travel better. Consumers will be trading-in the gas-guzzlers and financing more economical automobiles with higher gas mileage. Commuters will be joining together to perhaps purchase a hybrid van to commute to work. At least, car-pooling will reach a new maturity. Consequently, financial service organizations want to be on the leading edge of value added decision tools to help consumers with these transportation changes and the related financing.

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Perhaps phase two in the journey will be more disruptive for employers, employees, communities and municipal tax planners. At some point, human judgement will prevail and relocations will commence either where employees move closer to work or employers establish facilities closer to present residential resources. In some North American cities there are successful examples of communities where employers and employees cohabitate.

The financial institutions themselves are prime examples of this second potential wave as many still maintain large costly operations in city cores fed by daily commuters. In the majority of cases, their business functions do not need to be placed in the "high rent districts" and can be placed in suburban areas. Phase two will disrupt regional real estate either positively or negatively, depending if it is a compromise destination or a single purpose departure point where one can't reasonably combine work and residence. Municipal economic developers should be on the leading edge of this potential trend in order to maintain their tax viability. The vast relocation of businesses and consumers in the next decade will have profound effects on mortgage portfolios and branch location analyses within our industry. Those who move with the trends will have better than average growth rates. A complimentary component of growth will emerge from entrepreneurs and SOHO's where it is feasible for them to telecommute or operate via the Internet and wireless options. Actually communication costs will be a real bargain compared to transportation costs in many lifestyle/work-style choices.

During this travel transformation age, we will all grow strong, personally and commercially, since the consumer and corporate changes will be beneficial for the ecosystem, our health and social wellbeing plus our pocket books. Unfortunately, economic upheaval of the type we are now experiencing does have immediate challenges for our business plans and portfolio management.

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The critical balance between operational realities and strategic necessities will give leaders a chance to shine for all stakeholders. The roads ahead will be less traveled but evolving communities will create considerable wealth and health for all participants who embrace the new age of communications mobility.

## **U.S.A. – CUSTOMER SATISFACTION HIGH ONLINE**

A study conducted by ForeSee Results and Forbes.com shows online banking scored 82 out of 100 in customer satisfaction whereas credit cards and investment websites are at 75. In fact the online channel significantly outperforms overall retail banking. ForeSee's president said, "Improving satisfaction with the web channel can improve both overall loyalty and the bottom line by moving customers into the most cost-efficient service channel".

## **U.S.A. – NCR SHOWCASING NCR SELFSEV™ SUITE**

After successful shows in Dubai and Toronto, NCR has commenced tour stops in the U.S.A. to launch its innovative new family of self-service machines. The SelfServ is the first ever ATM able to self regulate and mitigate common software and USB communications features. The suite will also address consumer habits and preferences for more sophisticated ATM transactions.

## **U.S.A. – PAYPAL IN YOUR MOBILE WALLET!**

PayPal has partnered with Sprint to offer P2P services via Sprints' new downloadable mobile wallet. Also the Sprint application is being used by BB&T and IBC Bank. The wireless wallet has arrived!

## **U.S.A. – DISCOVER GRABS DINERS CLUB**

Discover Financial Services is acquiring Diners Club International from Citi for \$165 million. Discover will have a global payments network with worldwide acceptance after integration.

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## **U.K. – HSBC E-PAYMENTS DOWN AGAIN**

HSBC'S online Secure e-Payments crashed again in April as it did a month earlier leaving merchants unable to process daily receipts. Merchants, naturally, were furious. In the same week of the second crash of Secure e-Payments, HSBC lost a computer disc containing the confidential personal details of 370K U.K. life assurance customers. The giant global bank is hurting locally!

## **DENMARK – DANSKE NETWORK CLOSES ATM'S IN 3 COUNTRIES**

A problem with Danske Bank's IBM-managed payments network resulted in customers at Finland's Sampo Bank, Northern Ireland's Northern Bank and National Irish Bank in the Republic of Ireland unable to use some debit and credit cards at points of sale and ATMs.

## **AUSTRALIA – BANKS CHALLENGE EBAY**

EBay has applied to the Australian Competition and Consumer Commission (ACCC) for an exemption from the Trade Practices Act, as it wants to stop vendors using other payment methods than PayPal. Australian banks are fighting the monopolistic move, which could be used internationally by EBay if it wins the day down-under.

## **CANADA - GREAT PLACES TO WORK**

The Great Place to Work Institute Canada announced its top 50 for 2007 and seven financial services and insurance companies made the list:

- 6 SaskCentral, Regina, Saskatchewan
- 15 Edward Jones, Mississauga, Ontario
- 18 Windsor Family Credit Union, Windsor, Ontario
- 20 Fuller Landau LLP, Toronto, Ontario
- 37 Omni Companies, Vancouver, BC
- 39 Pottruff & Smith Insurance Brokers Inc., Woodbridge, Ontario
- 41 TD Bank Financial Group, Toronto, Ontario

## **CANADA - MORGAN STANLEY LURED TO MONTREAL**

With the help of tax incentives from the Quebec government, Morgan Stanley of New York will be establishing a new global technology centre in Montreal and creating 500 jobs. Montreal beat out rival bids from India, Eastern Europe, China and other parts of the U.S.A.

## **CANADA - CENTRAL BANKER LAYS DOWN THE LAW**

Canada's new governor of the Bank of Canada, Mark Carney, made it clear that he will take a tough position with FI's that wind up near bankruptcy due to poor decisions. Carney, speaking in response to the Bear Sterns bailout by the U.S. Fed, made it clear that that safety net does not exist in Canada.

## **CANADA – BANKS, INSURANCE ON THE OTHER SIDE OF THE WALL**

Canada's Bank Act prohibits the promotion of most insurance products in bank branches. Banks are pushing the envelope, or wall, further every year, especially at Canada's largest, RBC Financial Group. RBC's move to branch twinning visibly places an insurance office beside a bank branch but of course the employees in the latter side can't talk about or refer people to the former. The consumer has to go outside and go in the other door on their own.

Concurrently, insurance companies such as Manulife, using their ManulifeOne Account, are directly into banking services and eroding traditional market shares.

Perhaps regulators who believe that they are protecting the consumer should ask the consumer what they prefer.

## **GENERAL**

### Email Responses

A survey by Talisma Corp. found that of the top 50 U.S. banks, 96% do not offer live chat as a communication channel and one third of all customer emails go unanswered. Even when emails are answered, only half the banks gave accurate and complete information. Also, 94% of banks lack searchable knowledge bases for answering customer questions.

*Note:* Emails in all FI's need priority attention for channel/customer management. They must receive the timely responses similar to face-to-face or voice-to-voice contact.

## **INNOVATION IS A STRATEGIC PRIORITY**

Over the years, I have written or spoken on the essential strategic need for innovative thinking and practices in every corner of our industry – from the consumer interface to the chairman's office. Innovation is not only the fuel for continuous strategic lift, it is also the generator of revenue and productivity improvements. We have all seen examples of innovative concepts that, with time, fade due to a lack of consumer centric, continuous attraction values. Conversely, there are others who in difficult economic times, such as the present, focus totally on cost reductions, squeezing innovation into the corner closet.

When better to be innovative than when business growth is slow or non-existent? Where do we find these diamonds in the rough?

First, the marketplace is constantly demonstrating new ideas, applications and value propositions that can be captured and cloned.

Second, and most important for all to consider, are the latent innovations internally.

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All staff have ideas on how we can improve for all stakeholders be it small or large impact items. A suggestion box on the wall is not going to be the growth generator we need but it can be a compliment in a total cultural commitment. Most employees who contribute ideas will continue to do so if encouraged and provided timely, positive feedback in a culture that nourishes innovation through cooperative, systemic methods.

Periodic brainstorming with employees around strategic priorities is enlightening, especially if the make-up therein mirrors the segments of customers served. There are many areas where innovations are needed every day in our customer and employee offerings. Keep the tap turned on to innovation.