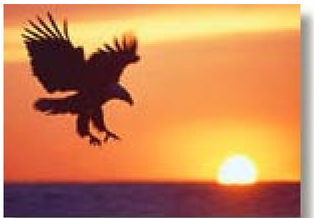

Eagle Net

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CAPTURING CASHFLOWS VERSUS PRODUCT SALES

The competition landscape explosion in recent years has diluted the effectiveness of many traditional sales efforts by financial institutions. Now that we have entered tougher economic times, this creates a "double whammy" on sales program result deteriorations. Still when we watch the sales efforts of many financial organizations, the product pushes are still evident and the commoditization trends continue to grow.

If you want to grow in poor economic times the obvious answer lies in being more empathetic towards the needs of segment populations served by your bank, credit union, etc. This does not mean expanding data mining in itself but to stop and understand what is the financial life-blood of the consumers – their personal cashflows. Sometimes there are surpluses and other times deficits can arise plus there are the payment transactions in and out to be met. As financial institutions, you have solutions for all of these cashflow conditions impacting the population you serve and those who don't presently deal with you.

Capturing and supporting personal cashflows should be the strategic objective of the organization. Products can be part of the solution but standing alone they are commodities. WESI wants its clients and friends to become more effective and efficient in customized cashflow capturing. We can help you optimize the solutions for specific segments.

SOUTH AFRICA

Absa offers expanded self-serve functionality through ATM's, mobile or Internet banking devices. Customers using the appliance of their choice can electronically transfer funds where the recipient can withdraw the monies via a destination ATM using a security password sent to their mobile phone along with an access code selected by the sender. (College and university students will embrace this feature for their parents).

U.K.

PayPal Enters Prepaid Market

MasterCard research has said that the U.K. prepaid market will explode to $34 billion by 2010. PayPal's entry is a PIN enabled card issued by Royal Bank of Scotland for a nominal fee; also bought on the PayPal website, where loading and reloading is available. The latter can also be done at PayPal retail outlets and post offices.

INDIA

At the beginning of this decade WESI was asked by its Alliance Partner, Mphasis (now part of EDS), to help build an effective consumer/retail banking call centre for ICICI Bank in India. Eighteen months after the call centre's launch, they were number two in retail call centre banking. Now ICICI has launched an online-only bank, the first in India.

Customers will enjoy zero charges and automatic, daily balance sweeps into higher interest bearing deposit facilities. As well, subscribers will be issued a prepaid Visa card for online purchases and bill payments. Congratulations to ICICI!

U.S.A.

Delaware Case – A Wake-up Call for Directors

The Schoon vs. Tory Corp. judgement by the Delaware Court of Chancery, should be known to all directors, everywhere. Basically, the ruling may wipe out the guarantee of protections that former directors rely on and it states that a company has the right to amend its by-laws including those promising indemnity to former directors, provided the former directors are not named in a lawsuit at the time.

The IndyMac Legacy

The California public, in fact the U.S.A. population, was sent reeling with the demise of the Pasadena-based IndyMac Bank in early July. (The Fed now has over 100 financial institutions on its watch list).

Generally, industry experts recognize that this bank's problems stemmed from poor and loose lending practices which manifested itself quickly with the extreme exposure growth in its alt-A mortgages. Historical lending experiences and knowledge were thrown out for the sake of rapid, unfiltered growth, or what I've simply referred to the in the past as greed mixed with stupidity. When our proven knowledge on borrower information verification, net disposable income cushions and debt proliferation are ignored, the portfolio bubble will burst!

This is an important time to help consumers in realigning their debt and debt management practices as well as to improve their knowledge on financial budgeting and lifestyle realism. Seminars, courses through education institutions or workplaces can be important to compliment community caring that people centric organizations value.

TowerGroup Research on Mobility Penetration

As P2P payment services gain consumer attention, TowerGroup Research finds accelerating investments in the mobile channel for remittances. At present the total global remittances market represents a half a trillion dollars (USD) annually.

TowerGroup's information shows a significant lift in investments directed at ubiquitous mobile payment platforms, which will lead to a revolution in cross border remittances, undercutting existing channel fee structures. No doubt ethnic, youth and unbanked segments will be the initial targets.

CANADA

Major Banks' CEO's Plea for Mergers

For two decades the question of bank mergers has flip-flopped from the backrooms of major banks to the public stage on Parliament Hill. With the current global crisis in the industry – no country has been exempt – the question of domestic mergers again raises its head in executive discussions. Unfortunately, a minority government wants to get into this subject as much as they want to lose what power they hold.

International bank mergers and acquisitions are happening everywhere but the current protective legislation steers suitors away from Canada and other countries with similar laws. So the trade-off or stalemate remains: no domestic mergers and no foreign takeovers in banking. This insular perspective may have its temporary value but in the process it will weaken the Canadian banks' international prowess and minimize the opportunities for all domestic stakeholders – customers, employees, shareholders and the public at large.

MANAGING EXTENDED CHANNELS

Back in the 90's, the financial industry struggled with integrated distribution management incorporating seamless cross channel experiences. The options available were branches, call centres, Internet/ Online, self service ATM's and kiosks, plus a few commissioned sales forces, all of which were under captive control. About the same time, an array of intermediary agents and brokers began to appear and to grow rapidly by commoditizing previous relationship products such as mortgages and by intercepting relationships through monoline approaches. Even from the outset, some financial institutions cooperated with these exploding supplementary channels acting as placement depots for business written. At about the same time, with intake volumes multiplying significantly, securitization became a balance sheet/ profitability management tool, which again introduced another party into the customer relationship value chain. Undoubtedly it is time for the FI's to evaluate the impact of extended channel options on their ability to have some influence on the customer-value-profit chain, and in turn re-establish the loyalty that has been eroded and to decrease the churning that has been promoted.

The multiplicity of delivery channels available to meet customer preferences and choices are extensive. Look at our current mapping of channels available in the copyrighted diagram attached. Managing consumer preferences through the options available needs to ensure the optimum pairing of preferences with profitability plus and effectively controlled primary and secondary set of networks. How ready are you to define the right mix and then perform integrated management?

THE LAST WORD

The Consumer Crossroads with FI's

The aftermath of the sub-prime mortgage and ABCP investment debacle is not just resulting in unprecedented write-downs, it has undermined consumer confidence and trust to varying degrees in different countries and amongst the population of financial institutions. Consumers, again, appear to be increasing their shopping propensities as well as commoditization characteristics which in turn is demonstrated in less loyalty and hence less profitability.

To add insult to injury, some non-consumer centric institutions are starting to increase or introduce new fees to pay for the sub-prime, securitization sins as well as the associated profitability and retained earnings erosion. We sometimes wonder where the public relations skills have gone and the dedication to communication empathy. It is unfortunate that the revenue recovery efforts of some FI's will cast a further negative cloud over the industry. Also, the emerging fraud cases, which will be in the U.S.A. courts for years, will fuel the image slide further.

All leadership needs to build and maintain a total commitment to customer or member centricity. Take time to understand consumer preferences and perceptions as well as to perform regular communication audits to insure formal and informal messages are received properly. This is an extremely sensitive time for rebuilding relationship values but doing nothing is not an option. Map out a proper public and consumer service relationship plan and execute it with differentiated visibility.

DISTRIBUTION CHANNEL OPTIONS