

Eagle Net



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THE GROWING SENIORS' SEGMENT

As we know the post WWII baby-boomers are fast becoming members of the seniors' segment or as some FI's call it, "the golden years". Unfortunately, the latter tag would not be accepted by many who are on fixed incomes today. In fact, many are continuing to work past 65 either full or part time. The recession has not been good for many in this segment. Some lost investment values, others income flows, and some even their homes which they had worked so hard to have in their retirement. To compound the situation, many governments have and are increasing direct and indirect taxes, which erode seniors' financial capabilities on top of high-energy cost.

Many FI's openly cater to seniors who have wealth, managing or designing delivery channel features especially for them. What appears to be lacking in a majority of organizations is a proactive attitude and initiatives to help these fixed income citizens with their financial management tasks. First, in these low interest times what can you do to optimize returns and minimize risk? Second, be proactive in offering budgeting and tradeoff assessments. Start with how they can minimize or avoid banking charges. Then have a checklist of normal expenses and savings options for each item. Finally, prepare special programs to assist with conversion costs to more economical heating, transportation or other key services.

In your branches, on your website and through the contact centre, provide critical information and contacts on such thing as:

1. Frauds and scams
2. Last will & testaments
3. Emergency financial situations
4. Educational seminars

More and more seniors will spend some of their years living with children and in a variety of residences. These two situations also produce opportunities to empathize with them and their caregivers. Many of us at WESI today are in those roles and continue to influence our clients to improve their outreach with these important citizens.

Life is a journey that takes us through many stages and a variety of personalized financial needs. It's a journey your organization should be prepared for at every step along the way.

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CANADA

Canadian Online Shopping (Statistics Canada)

The move to shopping online continued to grow with Canadians in 2009. Online orders rose from \$12.8 billion in 2007 to \$15.1 billion in 2009. Canadians, 16 and older, placed 95 million orders, up 32% in just 2 years. Internet use rose from 73% to 80% with 42% of men more likely to shop online than women at 37%. 84% of those shopping online, paid via the Internet.

Canadian Banks Face More Delinquencies in the Caribbean

Scotiabank, CIBC and RBC have extensive island operations but with tourism down due to the recession, local portfolios are experiencing delinquency increases.

Synovate Best Banking Awards 2010

The leading global market research firm, Synovate, has announced the 2010 winners of the 2010 Best Banking Awards in Canada.

Award	All FI's	Top 5 Banks
1. Customer Service Excellence	Credit Unions	TD Canada Trust (TDCT)
2. Value for Money	President's Choice Fin.	TDCT
3. Values My Business	Credit Unions	TDCT
4. Recommends to family or friends	Desjardins & ING Direct	TDCT
5. Interest Rates & S/C's	ING Direct	Scotiabank/TDCT
6. Products & Services Excellence	ING Direct	TDCT
7. Financial Planning/Advice	BMO Bank of Montreal Credit Unions TDCT	BMO, RBC, Scotiabank, TDCT
8. Branch Service Excellence	Credit Unions	RBC/TDCT
9. ATM Banking Excellence	Desjardins/TDCT	TDCT
10. Online Banking Excellence	Desjardins/ING/TDCT	TDCT
11. Telephone Banking Excellence	Credit Unions/Desjardins ING Direct; National Bank RBC; TDCT	RBC TDCT

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Interac Transfer Service Grows

Recent Interac market research verified the acceptance of its e-mail money transfer service. It works best with the 24 banks and credit unions that offer the service. (Why wouldn't all FI's?) Current uses are:

1. Sending money to a relative (child at university) – 42%
2. Paying a debt to someone – 40%
3. Monetary gifts – 26%
4. Membership fees – 25%
5. One time projects – 19%
6. Payment to people providing services – 18%

Ultra-Rich Services - BMO

BMO is preparing to launch a new wealth management division catering to the ultra-rich. This segment represents households with at least \$10 million net worth and frequently reaching \$100 million or more.

Top 10 Canadian Employers 2010

A list compiled by Diane Jermyn for the Globe and Mail includes two financial institutions – Business Development Bank of Canada and Royal Bank of Canada.

TD Canada Trust Ranking

J.D. Power and Associates has ranked TD Canada Trust the highest in customer satisfaction among the big five retail banks for the fifth straight year.

President's Choice Financial Push

Loblaw's supermarket chain is throwing its advertising/marketing clout behind President's Choice Financial, using TV ads with Galen West, Executive Vice Chairman, to promote its no fee chequing account.

Note: ING Direct has already announced its no fee-chequing account.

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TD Canada Trust CEO'S Comments

Ed Clark, CEO spoke at the release of the bank's 3rd quarter profit (\$1.18 billion) saying that he believes that U.S. banks will look more like Canada's in the future with less commoditization and more packaging of services.

Credit Card Regulations

Canadian credit card companies are now facing tougher, consumer-focused regulations similar to what has unfolded in the U.S.A. this year. In fact, Synovate's research reports on U.S. credit card companies show that they have pushed their interest rates to the highest level in a decade. We can expect interest rates to be the highest level in a decade as Canadian companies try and make up lost penalty fees by other means as well.

Why not take a more consumer centric approach which:

1. Helps educate consumers on the true terms of credit cards
2. Explains the pitfalls of introductory interest rates
3. Offers less expensive alternative ways to borrow
4. Provides budgeting and debt management support

Your profitability and growth will be complimented by increased loyalty.

Vancity's Citizens Bank

Vancity's virtual bank has sold its core business to TD Canada Trust early this year and some services have been cancelled. Members/customers now go to the purchaser to access lending products and accounts.

In our minds, this will give the strong service oriented TD Canada Trust a great opportunity to not only gain new customers but also make inroads into Vancity's membership base over time.

U.S.A.

U.S.A. Foreclosure Follies

Major U.S.A. banks have had to take a re-look at their foreclosure legalities due to challenges on documented ownership after mortgage security sales. This added confusion in the U.S.A. housing market will have impacts extending into economic recovery in general. There is also the latent problem of other legal challenges with previous foreclosures.

U.S.A. Western Union Extends Services

Western Union has introduced an enhanced walk-in payments service featuring formless payment with speed, accuracy and convenience. It offers consumers same-day, next day and second-day payment options.

Best Practices: Mobile Payments in Action (IDC Financial Insights)

The new IDC FI report states that mobile payments are still an embryonic technology with dozens of alternative methods in use depending on the concentration of telecommunications and financial assets in each country. The report examines five case studies of successful mobile payments systems from around the world to identify best practices.

Clairmail Takes Its Mobile Banking Solution to Trinidad & Tobago

First Citizens Bank has launched the first mobile banking service in Trinidad & Tobago with the support of Clairmail's solutions.

U.S.A. Social Media Plans

(Source: Credit Union Magazine/Digital Board Expressions' Survey)

U.S. companies with social media communications plan were surveyed to determine their top strategies. They are:

1. Allocating resources for ongoing social media activities (90%)
2. Registering branded usernames on important social media sites (<80%)
3. Researching how brand competitors and key stakeholders are using social media (>75%)
4. Setting up metrics/tracking methods to measure ROI of social media (>70%)
5. Specifying the proper configuration of account settings on important social media sites (<60%)

U.S.A. CUNA's Survey: How Credit Unions Deliver Marketing Messages

1. Direct mail (17%)
2. Newsletters & Newspaper Ads (14% each)
3. Radio Ads (11%)
4. Statement Stuffers & Lobby Displays/Brochures (9% each)
5. Website Content (8%)
6. Television Ads (7%)
7. Other (11%)

U.S.A. Share of Wallet

Bradway Research's 2010 Study shows that the consumer's financial wallet in the U.S.A. was \$1.1 trillion in 2009. The average customer has 16 banking products and each institution averages just over three products per customer. (Note: When all financial products are included the number of institutions increase and the average decreases). The study also stated that revenue opportunities are lost and customer loyalty is jeopardized when customers are approached with the wrong offer too many times.

The Wireless Wallet

In Japan today you flash your cell phone wallet to pay for most purchases and automatically receive loyalty rewards, discount offers and maintenance of your digital expense records. Now collaborations are taking place to bring the same mobile wallet capability to North America. In the U.S.A. the partners are focused on a portion of the \$3.2 trillion in annual retail credit card charges and the 1.2 trillion in cash and cheque spending transactions. MasterCard has entered the market with the capability this summer and Visa launched in August. Near-field communications chips will become ubiquitous in the next 3-5 years, which will increase wireless carriers' influence on the future mobile wallets and perhaps lead to the acquisition of a credit card company!

The banking industry needs to catch up on this delivery technology or face significant payments erosion.

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Account Opening Processes

When was the last time you really looked at your account opening process? How many customers gradually abandon your organization in the first 18 months?

Too often, we see processes which don't focus on customers' needs, preferences and time availability but more on operational considerations. Additionally, the experience in some organizations actually differs amongst their channels and the customers' information is not automatically populated seamlessly in all channel databases. The true test is how well you can personalize all subsequent communications versus the "dear customer" approach.

Consumers should be able to apply for accounts through their preferred channel in an easy to understand, simplified and user-friendly process. Therefore, you need a central point where all forms, promotion prompts and service segment affinities are systematically available to help customers complete the process and concurrently initiate the follow-up reinforcements on the appropriate intervals.

Isn't it time you re-assessed "the first impressions" of your account opening experience?

Customer Centricity

A recent J.D. Power and Associates study found that 65% of customers are not highly committed to their bank. In fact, customer loyalty has declined steadily since their survey started in 2007. Perhaps the recessionary fallout on banks has contributed to this trend but it is more likely that the growing commodity competitions have had a lot to do with it. FI's continue to promote products and services on price or rate and respond to competitors' actions with further numerical refinements which cause shrinking margins.

The key is to differentiate yourself from the competition in segments where you can offer customized value propositions from the time you open a customer relationship window then offer continuous cross-sell complimentary features to attract a greater share of wallet or cash flow.

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But don't rest there! Consumers' needs and preferences evolve quickly due to lifestyle factors as well as the excessive information blasts received through various mediums.

The bottom line is that your team has to be customer centric and be able to quickly adapt to transitional trends amongst consumer groups. Too many organizations are still product or account centric preventing them from achieving a holistic, operational view of customers wherein loyalty and growth can be optimized. As CEO, focus your message, policies, strategies and processes on a customer centric view at every point in your organization. Every one on the team from the tellers to the CEO should understand how to listen and learn from customers and prospects and transform themselves into proactive, nimble respondents to current and future preferences. For example, business plans should start with customer-competitive analyses of opportunities and threats followed by challenging solutions to provide differentiated growth.

WESI Year End Questionnaire

Please complete and forward to judy@whereeaglessoar.com

Country of Residence _____

FI Executive

Service Supplier to FI's

Retired

Other

1. In 2011 do you expect economic growth to:

Increase

Stay the same

Decrease

2. Will your capital investments?

Increase

Stay the same

Decrease

3. Will Central Banks change their prime interest rates?

Increase

Stay the same

Decrease

4. What will be the industry's growth focuses

New loans/mortgages

Mergers/Acquisitions

Deposits & investments

Fee revenue

Cost management

New lines of business

5. What uncontrollable contingencies are you including in your planning?

6. What is the best competitive strategy during recessionary times?

Thank you for your participation. The consolidated results will be highlighted in an early 2011 edition of the Eagle Net.