

# ***Eagle Net***



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## **OUR NEW WEBSITE**

You are invited to visit the third version of our website in our 16 year history at [www.whereeaglessoar.com](http://www.whereeaglessoar.com). We want to thank our alliance partner, Peoplerwx, for again improving our virtual image.

You will notice a few changes and more access to our library of e-journals and white papers. Also, in keeping with our business philosophy, the executive titles have been amended. We welcome Hugh Oddie to the leadership group and other announcements will follow as WESI's resources evolve. Concurrently, Steve Hawkins and Ann Walker have decided to really retire and we thank them for their commitments to our clients over a number of years. Although not published, WESI has a group of part-time Associates with a variety of expertise who work on projects as required and when convenient for them to do so.

If you have any questions or suggestions, we would be pleased to hear from you at any time.

## **BACK TO SCHOOL!**

Recently, Pat Palmer, Principal Leader and Judy Johnston, Executive Leader were invited to be Executives-in-Residence for a day at the University of Windsor, Pat's alma mater. The professors and students in the undergraduate and MBA programs were interested in the WESI partnership model, customer-centric philosophy and success factors over two decades. Also, there was a strong flare for being entrepreneurs amongst the students, many of whom wanted to work in the financial services industry with their own businesses.

The Odette Business School at the University has a state of the art "trading room" which is an outstanding resource for the students to be in touch with the minute-to-minute market realities around the world. In the Student Commons, a ticker tape streams around the room continuously while Tim Hortons is there with their unique brand.

## **FAST FUTURE – FORESIGHT RESEARCH STUDY**

A new global survey by Fast Future gathered feedback from 765 respondents in 68 countries. "Collective agility, strategic innovation and foresight are keys to future success". Three main themes:

1. An uncertain global economic outlook and the challenges presented by hard to predict economic shifts.
2. The rapid availability and penetration of new technologies, whose quality, cost and diversity are touching every aspect of our lives.
3. The everyday reality of shorter and faster business cycles

Consequently, there is a serious need to rethink both evolutionary and transformational changes in a number of areas of most industries including financial services.

## **CUSTOMER CHANNEL CHALLENGES**

Regularly we blog on the need for distribution channel transformations in the financial service industry, in order to be in synch with consumer and business preferences. As well, it is important to convert employees' minds to adapt to a customer controlled distribution model in which technological and financial literacy have grown faster than most organizations have been able to adapt. There is a multiplicity of channel options today (contact us for WESI's "web of Channels Model") and the shifts to and from various choices are rapid and unpredictable unless you are in touch with future channel preferences. Branches and stores struggle to evolve their proactive positioning with customers and prospects in facilities, which require millions of investment capital and operating resources. In our recent blog on where have the customers gone, it is noted that less than 10% visit branches regularly. Also within the payments revenue stream there are disintermediation risks everywhere with B2B, P2P and non-FI organization's innovations.

Large banks can afford selective investments in an integrated set or proprietary channels but most others especially the credit unions have to look at more collaborative or partnership approaches to "be in the game". With the Internet power, the call centre has become the integrator for FI's to ensure seamless experiences across all access options virtually.

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It is a mobile, customer controlled, commoditized distribution business which will cause more and more institutions to merge – hopefully in a favourable financial position versus looking for a last minute saviour!

## **POLITICAL CREDIT TIGHTENING**

What a paradox of wills between politicians/regulators and large FI's in many countries where personal debt levels have grown exponentially in recent years. In Canada, the federal Finance Minister and the Office of the Superintendent of Financial Institutions are pressuring bank boards to tighten lending policies especially related to mortgages and home equity lending. Concurrently, with pockets filled with hundreds of millions of cheap, long-term funds raised, the banks are aggressively competing for mortgage increases, switches and new entrants with highly attractive 2.99% 5-year term options. Another target is the HELOC or the home equity line of credit, which has been one of the top growth products for all FI's in recent years. Everyone recognizes that small businesses are the job creators and many of these self-employed initiatives were started with personal HELOC's or they use the facilities to fund working capital needs. If regulators get their way, severe problems will arise for many small businesses.

Fortunately Canadians, like other major economies i.e. Australians and Americans, are showing strong signals of controlling and paying down debt levels as education takes effect.

WESI's research shows consumers understand their need to "live within their means" more than before and they hope governments will start to "walk the talk" themselves.

## **RBC TARGET OF U.S. REGULATORS**

Royal Bank of Canada, the country's largest bank, has been accused by U.S. regulators of breaking trading rules to gain a tax advantage in Canada. The bank is being sued by the U.S. Commodity Futures Trading Commission, which has not had the best reputation recently during collapses of investment firms such as MF Global.

## **CREDIT CARD SYSTEM ATTACK**

Canada has now joined front runners Australia and the U.S.A. in attacking the revenue models of VISA and MasterCard. The Competition Bureau is leading the charge on the companies' restrictive practices and high costs when they control 92% of the market and can dictate terms on both credit and now debit cards.

## **CANADIAN COOPERATIVES**

There are many member-based cooperative businesses in Canada including credit unions. Here are some recent statistics from The Globe and Mail national newspaper:

Number of cooperatives in Canada	9,000
Total membership of Canadian Coops	18 million
People employed by Canadian Coops	155,000
Volunteer Directors & Committee Members	100,000
Approximate Annual Revenue	\$50 billion

## **U.S. UPGRADES SELF SERVE MACHINES**

Touch screens, video-tellers and self service kiosks with more functions than traditional ATMs are growing rapidly to reduce wait times and free up staff in branches for more proactive, productive activities with the declining members using the branch service points. Ensenta technology started this trend years ago especially in the U.S.A. credit union movement and 7-11 stores. Wells Fargo, JP Morgan Chase and Coastal Federal Credit Union (North Carolina) are testing more of this technology to handle branch transactions.

## **DIGITAL WALLET OPENS**

CIBC and Rogers Communications Inc. have announced a partnership to provide consumers the ability to make payments with their cell phones at cash registers. CIBC will pay Rogers to store credit card information for VISA and MasterCard on Rogers phones. The CIBC states "the deal won't result in new fees" for the consumers or merchants! Debit cards will eventually be added.

## **THE LAST WORD**

### Seniors at Risk

WESI has always promoted to its clients the need to take an active role in protecting seniors from scams and fraudulent activities, which get more sophisticated everyday, from the knock on the door to the pop-ups on the Internet, screen.

Each FI needs a proactive strategy to educate and to advise seniors on existing and emerging criminal attempts to access personal information, transactions and funds. In most countries, seniors are the second largest demographic group using the Internet where Phishing is a daily threat. Everyone carries plastic today with access codes which must be protected at the ATM or retail cash register. And, yes there still are unscrupulous door-to-door and telephone sales people trying to rob seniors.

Does your website and your branch collateral materials provide information on the more prevalent scams and how to protect against them? Are there "hot notices" to alert people on the current or new attempts? Do you have wallet/purse cards that warn customers on how to protect their PIN's and personal information when making payments? Is there a series of education topics presented in the community where you can participate with warnings and suggestions?

Take time to reassess your Seniors' strategy and tactics to help them protect themselves in their daily activities both when dealing with financial transactions as well as a variety of lifestyle events and services.