

# *Eagle Net*



**WHERE EAGLES SOAR INC.**  
**500192 Grey Road 12**  
**Markdale, Ontario. N0C 1H0**  
**Tel: 416-347-2469, 905-873-7733**  
**Pat Palmer – Principal Leader**  
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## **RESPONDING TO AN AGING POPULATION**

Many western countries have seen significant growth rates in certain segments of the population in the past five years. For example, in Canada those 85 and older grew around 24%; those 60 to 70 about 25%; 50 to 60 just over 12% and those younger than 5, 11%. Other age groups had less than 10% growth and some decline e.g. 10-14 (7.7%), 35-39 (1.6%), and 40-44 (10.9%). Obviously the aging Boomers and existing "Golden Years" are putting pressure on social services/costs and having many retailers re-think their value propositions. At the same time, these people are more financially and technologically literate than ever before; researching financial products, service and advice plus diversifying and minimizing risks. Consequently, "seniors free balances" in financial institutions are not sitting there any more as security and income become important financial consideration. Wisely, they are becoming better cash managers in these difficult times.

Still they have wealth and influence the wealth of their children and grandchildren. Their opinions are respected within the family and amongst friends. Many people will indicate which institution is their "primary" one and usually this is where they have their chequing account even though there are investments, savings etc. at other financial suppliers. The benefit of being the PFI (Primary Financial Institution) is the fact that you usually have an opportunity to acquire the other business if you have a good relationship and competitive value propositions.

In 2012, we have seen many banks and a few credit unions decrease, eliminate or cut back on benefits historically afforded to "seniors" as siloed product managers evaluate the loss of free and idle balances and the growth in the seniors segment. The confusing part remains the definition of "senior" where some start at 55 and others at 65 or in between. The brain trust at these organizations have to be questioned on what their holistic view is of those customers who are disenchanting by "nickel and diming/penny pinching" banks making billion dollar profits during a recession while their senior customers struggle on fixed income and a very low interest environment.

# ***Eagle Net***

**Page 2.**

Perhaps a more realistic approach is to develop innovative value propositions to attract more business from the individuals plus those they influence rather than injuring relationships. Are the FI's operating on individual product profitability or relationship/household profitability models? If you want to continue to promote commoditization you focus on the product but if you want to build loyalty for long term potential and referrals you emphasize the latter. From our perspective and those we interview in our research studies the majority of the industry is product driven, not customer driven in reality.

## **IMMIGRANT SEGMENTS TARGET OF CANADIAN BANKS**

For years the USA financial institutions, especially in the southwest, have focused on the Spanish speaking, immigrant population for growth through customized delivery, products and people resources. Canadian banks are now competing aggressively in retail banking to attract immigrants. This is not to say that they have not been in the past particularly with the Chinese segment. Plus, some call centres have spoken many languages for years. The multilingual services have been expanded and there are offers of unsecured credit cards, periods of no-fee banking and help in sending money to relatives overseas. Two-thirds of Canada's population growth over the past 10 years came from immigration. Some projections suggest that by 2036 that figure will jump to 72%.

## **MCKINSEY'S NEW BOOK – THE PROGRESS PRINCIPLE**

A multi-year research study by McKinsey about the ongoing engagement and every day progress of people resources to execute strategy could be a worthwhile read. The survey showed that most executives don't understand the power of progress in meaningful work. There are four traps:

1. Mediocrity Signals
2. Strategic Attention Deficit Disorder
3. Corporate Keystone Kops
4. Misbegotten "big, hairy, audacious goals" (BHAG)

## **TAX EVADERS BEWARE - ARGENTINA**

Many countries have a significant problem in creating a culture where citizens document and pay their fair share of taxes as we have seen in the Euro crisis e.g. Greece. Now, Argentina is going to tap into credit card information. Every time people make a purchase outside the country using a credit card issued by an Argentine bank a 15% tax will be added. Plus the banks must report every credit card purchase – home or abroad – to the tax agency. Purchases outside of Argentina have soared recently as people try to get around currency controls and shelter their money from local inflationary pressures. In June 2012 purchases abroad in peso denominated cards soared 48% compared to June 2011!

## **U.S.A.**

### Mobile Wallet Study Shows Threat to Banks

Carlisle & Gallagher, a Charlotte N.C. firm that works with large U.S. banks has completed a study on consumer's attitudes towards paying for goods and services with their smart phones. More than half do not want the service provided by their main bank. In fact, 8 out of 10 would consider online payment provider Pay Pal owned by eBay. Therefore, the banks face a threat to their lucrative payments revenue streams. Banks were viewed weak in their ability to provide couponing, product reviews and shopping assistance.

### Mobile Banking Triples in Two Years

SWACHA's (not for profit electronic payments association out of Dallas) Consumer Insights Survey says consumers may replace cash or credit with their favourite mobile device soon. Mobile banking has tripled with 20% interviewed currently banking on their phones compared to 7% in 2009. Consumers can go an average of 95 days without making a cash purchase. As mobile devices and retailers adopt the technology most people are expected to swipe their phone at the register. Still 52% on the survey cited security concerns as the primary reason not to use mobile banking.

## **WESI'S NEW WEBSITE**

We are extremely pleased with the reception our new website has received and the weekly "hits" to it. You have access not only to who we are and what we do for you, but also our regular blog, back issues of our e-journal as well as a few customer comments. Your feedback is always welcomed and if you want to share some original thoughts for this publication, please send them to [judy@whereeaglessoar.com](mailto:judy@whereeaglessoar.com)

## **THE LAST WORD – STRATEGIC PLANS THAT WORK**

Every manager and executive gets indoctrinated to strategic planning early in their careers but how many really understand how to make it a living document that guides the organization's game plan, resources and future state? The responsibility for the strategic plan rests with the CEO and the leadership team has equity in its vision, values and accomplishments. The Board gives a "second look" so it is important that Directors independently and as a group undertake regular strategic scans on the business performance drivers. Here are some of our principles around the strategic planning process and eventual plan:

1. Define a memorable, understandable vision and set of values
2. Start with your customers/prospects needs
3. Analyze the key performance drivers of your business
4. Define the 5/6 key strategies for sustainable success
5. Assign action accountabilities, timelines and expected results
6. Build buy-in at every level – Board to Frontline – use a one page recap/focuses
7. Ensure performance management linkages are in place for everyone
8. Regularly verify customer/prospect preferences and your performances
9. Review performance drivers and adjustment annually
10. Build fun into the process

To reach new levels motivation through your leadership has to move people from the Intellectual State through the Emotional State to the optimum Spiritual State, where everything is possible.