

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
Judy Johnston – Executive Leader
E-Journal Newsletter – May 2013
E-Vol. No. 62**

CONTINUOUS EDUCATION

Every one of us has heard “perceptions are reality” and “wrong perceptions create misunderstandings”. We all have perceptions! Do you feel comfortable that you know staff and customer perceptions? Honestly, we find in our diagnostic work material gaps between what staff believes and the organization’s intent and likewise between staff and customers. Contributing to these gaps are lack of correct knowledge, weak messaging/listening and entrenched beliefs.

Communication is the critical foundation! When your organization provides information and education to employees, what do you do to verify what messages or knowledge has been received – consistently and inconsistently? Many organizations find that there are disconnects when they actually check. Secondly, when messages are prepared for staff and/or customer dissemination what pre-tests do you undertake to ensure the proper interpretations are in place? Sometimes authors are over confident in their communication skills and wrongly assume their messages are just great. It is poor comprehension that is the problem. Finally, one needs to continuously reinforce the correct knowledge especially with staff that have customer contact. For example, if you are changing fees or rates, it is not sufficient to just provide the amendments. You also have to ensure that the rationale is understood and accepted. When there are product knowledge sessions it is important that everyone knows the “whys” involved with the design, features and benefits. Don’t leave anything to someone’s imagination.

With customers, it is twice as difficult and dangerous. Education of staff and customers has to be synchronized and continuously reinforced verbally, non-verbally plus in a print or communications medium. If one customer has the wrong message, it will be passed on to many more erroneously.

Listening to customers is a critical skill as much as properly communicating with them. There is a natural tendency to “tell” customers what we think they want to hear rather than asking probing questions to verify their understandings. Education is a continuous journey internally and externally. It should be part of our daily culture with each other and the customers that support our prosperity.

Eagle Net

Page 2.

CANADA

Canada's Top Brands - 40

- #1. Tim Horton's
- #9. TD Bank
- #15. CIBC
- #20. Sun Life financial
- #22. BMO
- #28. RBC
- #31. Scotiabank
- #34. Manulife Financial
- #36. National Bank

Smart Phone Depositing At Meridian

Ontario's largest credit union, Meridian, is allowing members to deposit cheques using their smart phones. Deposits Anywhere is available at Meridian and Affinity Credit Union now, along with Westminister Credit union in B.C. The service operates on the BlackBerry 10, iPhone and Android mobile devices.

Deposit Battle Brewing

The battle to attract savings depositors is heating up with aggressive interest rates.

- President's Choice Financial (CIBC-Loblaws) is offering 2.6% on all new deposits until July 15.
- ING Direct Canada was at 2.5% until the end of June.

These are further indications of a market share battle for depositors amongst the big banks.

Canada's Best Places To Work – Highlights

- (A) Top 50 Medium Companies (<1,000 Employees)
 - #4 SaskCentral
- (B) Top 50 Large Companies (>1,000 Employees)
 - #24 TD Bank
 - #33 Scotiabank
 - #44 RBC
 - #50 CIBC

Uninsured Mortgages Attract Regulator

The Office of the Superintendent of Financial Institutions is looking at uninsured mortgages of more than 25 years. Mortgage insurance is mandatory in Canada when the borrower has a down payment of less than 20%. The federal government backstops the country's three mortgage insurers so the Minister of Finance, Jim Flaherty, uses that as a tool to manage high levels of consumer debt in Canada. Banks have continued to offer looser standards on uninsured mortgages to the dissatisfaction of the Minister.

RBC Outsourcing Fiasco Creates Reputational Risk

RBC's handling of a recent IT outsourcing contract for about 40 people to India was a public relations nightmare. The internal-external handling of the event, which was minor in a long series of outsourcing by all banks, was an utter mess. Media, politicians and every negative thought came out hammering the big bad bank. Most financial institutions have to try different ways to cut costs in light of the low, slow growth in business and outsourcing has been and will continue to be an important option. There are sensitivities that must be managed sensibly.

Loyalty Rewards

Seven out of ten Canadians have a credit card that earns them loyalty rewards. Customer segmentation has become critical for differentiation and competitive advantage.

Eagle Net

Page 4.

Top Performing Financials

	<u>Annual Profit (\$millions – March 1st)</u>
Royal Bank of Canada	\$7,442
TD Canada Trust	\$6,376
Scotiabank	\$5,916
Bank of Montreal	\$4,115
Canadian Imperial Bank of Commerce	\$3,331

The three top banks are also the top over all industries in profit dollars and by market cap.

U.S.A.

Bankrate's 2012 Survey on Fees

The Credit Union Magazine from CUNA recently highlighted their 2013-14 Fees Report based on Bankrate's Survey.

With shrinking margins there is a greater dependency on fees for a positive bottom line in financial services. In the U.S.A. credit unions generally offer a low fee alternative to banks and with the right strategy are attracting membership growth. In fact, Bankrate's Survey found that 70% of consumers in the U.S.A. would consider leaving their FI if it raised fees. Free chequing is a big draw for consumers. 82% of credit unions offer at least one free chequing account option whereas only 39% of banks do the same.

With accounts based on average minimum balances to avoid fees, credit unions have an average hurdle of \$1,010 versus banks at \$6,118.

Credit unions fee income is received from:

NSF/Overdrafts	34%
Other	17%
Other Loans	15%
ATM/Debit Cards	12%
First Mortgages	8%
Other Chequing	8%
Credit Cards	6%

Note: Average NSF fee at credit unions is \$25.78; bank \$31.26. With U.S.A. credit unions non-interest income is 28.6% of total income in 2012.

Fed Report on Mobile Banking

The Federal Reserve Board conducted the Survey of consumers' Use of Mobile Financial Services late last year. Findings were:

- Mobile banking among phone users – 28% (21% - 2011)
- Mobile smart phone users of mobile banking – 48%
- Mobile financial services are popular among the 10% of unbanked Americans

Cyber Attacks Continue

At least 13 of the U.S.A.'s biggest banks have seen their websites bogged down since September. These happened even through the institutions have extremely sophisticated defense technology because the hackers unleash a massive volume of attacks and data to overwhelm them.

Mobile Banking Impediments (McGrath & Olson)

Financial institutions need to solve the challenges of security, customer experience, customer segmentation and application development for mobile banking to become mainstream in the U.S.A.

50% of mobile phone users are still concerned about security, according to the Fed study mentioned above. New virtual agent technology hopes to improve customer experience and segmentation.

Synergistics Research on Branch Closures

- 28% of consumers would switch financial institutions
- 27% who experienced a branch closure say it was probably a necessity to cut costs
- 25% say a branch closure gave them a negative impression of the institution

Note: WESI has seen branch consolidation i.e. closing one into another or two into a new one, can have a high retention and even a growth rate.

Trends in Self-Serve Banking

- Many customers now get loan applications online
- A small number (5%) can get deposit account applications
- With costs having to be rationalized, self-serve is a more economical channel plus more convenient
- Many branches are unprofitable with the self-serve growth.

Eagle Net

Page 6.

Note: More applications to secure self-service is critical in next 2/3 years.

Another example is U.S. Bank rolling out electronic signature technology in its 3,000 branch network – started with consumer loans in 2011 and this year the U.S. Bank extended electronic signing of deposit account openings across the branch network. Software from Silanis and the signature pad from Topaz are used.

BUSINESS SOFTWARE ALLIANCE RANKINGS

BSA recently ranked countries for “cloud preparedness” based on factors such as broadband penetration, free trade, copyright and cyber crime law.

Canada ranked at #12 out of 24

Japan was #1

Australia #2

Germany #3

U.S.A. #4

THE LAST WORD

Coaches vs. Managers

The game has changed and continues to evolve in financial services and we need to be flexible, customer centric organizations today. Historically, we managed specific processes and our people complimented those processes. It was mechanical to a large degree and customer consistency was rewarded. Everyone was trained to react a specific way to customer requests and service needs.

Now we have financially and technologically literate consumers using multiple delivery channels and service suppliers. They expect personalized, proactive responses that fit their virtual needs. Financial service needs are more complex and solutions have to be tailored to fit each individual’s needs. Therefore, our organizations not only need universal levels of knowledge but also have to empathize with customer experiences and understand the options possible. In other words, our staff require continuous learning and yes, coaching. Coaching is the catalyst, the motivator, the teacher and the reality of empowerment. Whether it is a branch, call centre or support department, effective coaches are essential. These people know how to continuously empower, support and lead others in action and words. In many cases, the traditional managers are not coaches and perhaps cannot make the necessary adjustments to become the game changer.

Eagle Net

Page 7.

If you don't have coaches in place, the team will not become the flexible, proactive customer resource you need organizationally.

Review your job mandates and performance contracts to ensure that coaching is the primary focus of team leaders. Assess authorities to compliment empowerment and personalized customer interactions. Plus, establish the correct coaching criteria in recruitment strategies to build the customer centric culture required. In fact, look around at successful sports teams and see how many coaches are employed for various competitive reasons. Coach to grow winning teams.