

Eagle Net



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YOUR CUSTOMER CONSCIENCE & CONTRACT

Customer-centred leadership and actions create more successful long-term organizations in financial services and beyond. Continuously listening to customers and adjusting to meet current and future needs is the responsibility of real, empathetic leadership.

It starts with possessing a clear customer conscience and having the ability to articulate it consistently inside and outside the organization. This is a belief that drives how you think and feel about why your organization exists and what motivates you in your business life. Some CEO's go as far as to formalize a "customer contract" (also referred to as a customer creed or commitment), which everyone knows, buys into and contributes towards. You want your customers to know that you have the conscience and a written contract, which will benefit them.

For example, as recessionary injuries are put behind us, and the economy starts to percolate again, interest rates begin to creep up, which cost borrowing customers more. If, for instance, mortgage rates raise budgetary pressures, customers will look for solutions. If you are truly customer centric, be proactive in offering financial reviews/tune-ups to help customers to adjust to the new realities with longer term blended rates, consolidation arrangements, programmed savings etc. You want customers to turn to you for ideas and more responsive relationships. Establish an environment where customers come to you first, through whichever delivery channel they prefer. Once in my banking career, we did a proactive blitz to help customers save on service charges. The customer could visit the branch, e-mail or call the contact centre. In the latter case, there was an easy IVR test for savings plus a live agent advisor. The majority did save on service charges and most acquired other services or provided due dates for borrowings and/or investments at competitors to follow-up with sufficient lead-time.

Not everyone that works in a financial institution has an open and obvious customer conscience so you have to encourage them to provide improvement ideas and to empower them to accommodate normal customers' requests. Also, assess whether or not your online channels and self-serve devices demonstrate your customer contract. Technology can help you recognize each customer and be solution friendly not just a commodity transaction provider.

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Senior management as well as middle management needs opportunities to exhibit a customer conscience with staff and customers. This can also extend to community service in areas where your customers and prospects live, work or play. All of us are customers elsewhere and know what we like and don't like. If you are like me, a bad experience is a defining event and I don't return. Ensure that you have a system to identify customers whose usage has dropped off or stopped. Always be conscious of customer behaviours.

RESILIENCE PARENTING

Anne Boysen, a futurist, specializes in studying the future of the generation born after the early 2000's – sometimes called the New Silents, Generation Z or Homelanders. She has introduced "Resilience Parenting" since the critical idea is to raise kids who fair well during adversity. Resilience parents strip away extrinsic rewards in an effort to teach fulfillments through personal experiences of mastery – encourage their kids to experience failure. The resilience parent reclaims child driven autonomy since without freedom there is no room for personal growth. These thoughts will shape how retailers deal with the new generation as well as their parents, the sheltered Millennials.

CANADA

Aeroplan Partnership for TD Canada Trust

For years, CIBC has enjoyed an exclusive mid-market* financial service institution relationship with Aeroplan, which covers Air Canada and many Canadian retailers. Now TD Canada Trust is negotiating with Aimia Inc., Aeroplan's parent, as CIBC's discussions had become somewhat strained. After two decades CIBC's significant card contributions to the bottom-line could be at risk.

(*American Express offers Aeroplan but for a higher end niche market.)

Note: Partnerships are not forever if you don't continuously work at improving the relationships.

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FRANCE

Credit Agricole's Model

The French bank, Credit Agricole, launched the CA Store, online marketplace last year which essentially crowd-sources ideas for new banking applications from customers and gives developers the technological tools they need to create apps that either fulfill their wish list or are based on ideas they've dreamed up themselves.

The CA Store uses an open application programming interface in which technology is shared freely with outside developers so that it can be integrated into new programs without compromising compatibility.

Now customers and designers have offered more in the way of practical and innovative ideas for financial applications with vastly shorter development cycles.

INTERNATIONAL

Basel Committee on Banking Back-Pedalling

The Basel Committee, this summer, admitted that its new rules may be too complex and could encourage the expansion of "shadow banking" systems where their influence is weak. This refers to the activities of non-bank financial institutions e.g. hedge funds and investment banks. In Canada the system allows the big banks to securitize mortgages to free up lending capacity. The Basel Committee has published suggestions to simplify its rules and better regulate interactions between traditional banks and shadow entities.

In China, its shadow banking system includes many alternative lenders even pawnbrokers.

U.S.A.

Jobs Slashed!

Wells Fargo announced in late August that they are laying off 2,300 mortgage jobs nationwide as the result of a lack of demand for mortgage refinancing.

Change.Org Changing Complaint Management

Change.Org was founded in 2007 by Ben Rattray, for amateur activists of all types to be heard and use their crowd influence. Change.Org now helps 40 million global users who launch as many as 1,000 petitions a day. An early watershed event was when a customer of Bank of America, Molly Katchpole, called Change.Org to establish an Internet petition against a new \$5 per month debit card charge. Within a month, 300,000 people signed up and it reached national news. BofA ditched the charge.

Note: Social network complaint management sites add a new complex dimension and urgency to customer issues. CEO's should ensure complaints are viewed in a broader impact sense.

Diebold ATM's Partner with Mobile Wallet

Consumers can now use their smartphones, instead of their debit or credit cards to withdraw cash from ATM's as Diebold partners with Paydiant, mobile wallet provider. This adds another level of consumer convenience while giving banks and credit unions the opportunity to offer their own branded wallet solution.

Note: Mobile wallets will become a mainstay with consumers.

Rollout of Isis

The mobile wallet joint venture, Isis, formed by AT&T, Verizon Wireless and T-Mobile USA is taking its mobile payment scheme nationwide this year. Tests have been running in Austin and Salt Lake City since late 2012.

Cyber Attack Survey

TNS Global conducted research in June with over 2,400 consumers to determine impacts of service crashes/attacks. 45% were aware of recent cyber attacks and 42% weren't. Less than 3% said they had been directly affected.

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THE LAST WORD

Change Strategic Planning Exercises

Many financial institutions are involved now with their annual strategic planning process, which will set the focuses for subsequent business plans and resource allocations. Unfortunately, we have seen too many of these important exercises treated as an annual necessity which produces less value to the organization in terms of the allocation of time and internal resources. In fact, many updated strategic plans never challenge the existing assumptions and beliefs of senior management. Secondly, the efforts to acquire employee ideas and feedback are not taken seriously. And finally, only on a limited basis do organizations turn to objective third party experts to provide input and challenge the status quo.

Consequently, reading many strategic plans is not exciting nor do they energize the organization to differentiate itself in a dynamic marketplace. As one of my associates said once, "That plan is as stimulating as watching paint dry."

Strategic plans are roadmaps/game plans for short and long-term success. They are not intended to maintain the status quo and individual's comfort zones in the boardroom or amongst senior management. If you are going to invest in strategic planning, ensure that you utilize internal creativity and external independence of thought. You want an exciting set of directions built on customer centricity and consolidated creativity.