

# ***Eagle Net***



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## **THE MOBILE/TABLET NECESSITY**

Consumers globally continue to adopt mobile digital technologies faster than we have ever seen in other channel growth. In fact in Canada, Australia and perhaps the USA as well as in a few other countries over 50% of the populations are now using or intend to use mobile banking. Transactions in this channel are increasing dramatically and some age segments are almost totally dedicated to a 24/7 digital day. Naturally, over time there will be a run off of transactions in other delivery choices such as branches which need to be re-engineered in terms of lower capital investments and universal employees. The strategic danger here is for those FI's that today do not have the mobile technologies available. These institutions, which are medium sized or small, are at a significant disadvantage. The major banks are fully equipped with the present and emerging technologies and applications and consumers plus businesses have and continue to convert to the digital deck. Those that are "not in the market" will find an erosion evolution in segments as their adoption rates climb. So today, if you are going after the youth-young adult segment without mobile banking apps, your success is extremely limited. As the other segments increase their choice for digital difference the fall off will accelerate.

Some FI's depend on traditional technology resources or service organizations that have not made the transition to meet today's demands let alone the technologies on the near horizon. If you are in that situation – LOOK FOR ANOTHER SOLUTION NOW! Waiting is not acceptable. Quickly do your alternatives assessments and find the best "flexible" fit that will keep you in the mobile channel options today and tomorrow.

Distribution is the key competitive business in financial services. Consumer and business preferences are clear. The technologies are changing quickly and the preferences are following. Find a way to be relevant or plan for an acquirer.

## **BANK ADMINISTRATION (BAI) USA TOP 10 BANKING TRENDS FOR 2014**

(Based on feedback from 60 global financial service leaders by Jim Marous)

Two significant trends not listed but that virtually impact everything are 1) upcoming regulations and 2) continued new technology investments.

1. Drive-to-Digital: expect greater experimentation around mobile, web and social channels for new products and revenue
2. Payment Disruption: perhaps disintermediation of payments revenue is more descriptive
3. Increased Non-Bank Competition: alternate or non-traditional players will continue to chip away at relationships and commoditize more products and services on a P2P and B2B or P2B and B2P basis
4. Branch Optimizations: costly branch-based distribution models cannot be sustained in the digital world
5. Focus on Customer: customers are in control; are technologically and financially literate plus live in a mobile, connected world
6. Breaking Down Silos – this has been a common thread for years and there must be more action to breakdown human and data silos for virtual cross channel customer experiences
7. Simplifying Engagement: consumers want to simplify their lives. Get rid of complex processes and applications which are time consuming or actually cumbersome
8. Improving Contextual Experiences: customer activity/event marketing and sales will be more prominent and more to the point of customer need
9. Differentiating Brands: brands have been commoditized especially in the digital world. Suppliers must break away from the competition crowd and leverage differentiated strengths and messages
10. Global Innovation Perspective: innovation is everywhere and players need to look around the world not just around the corner

**Note:** The underbanked and alternative currencies such as Bitcoin should also be addressed this year.

## **THE GLOBAL FUTURES AND FORESIGHT FORUM BY DAVID SMITH, CHIEF EXECUTIVE**

As some of you are aware, I have been part of David's Forum for years and I find his studies outstanding. His "What's Hot in 2014" technology study is now released and I strongly recommend that you go to [www.thegff.com](http://www.thegff.com) to review the details fully, as the developments affect your business and industry. Obviously, some FI's are having a hard time adjusting to technology trends and their customers' digital lifestyles but this is a survival imperative. The following are meant as highlights only and don't do justice to the complete report.

- Technology developments are impacting all touch points of value and supply chains with consumer empowerment, mobile, social data and digital capabilities all redrawing the business environment in profound ways
- The Economist Intelligence Unit (EIU) report says 40% of CEO's worry that their organizations will be unable to keep up with technological change
- The global mobile workforce could reach 1.3 billion by 2015 or 37% of all adults
- 81% of workers admit to using their devices to access their employers' networks without permission or employers' knowledge – 58% do it daily
- Customers are perpetually connected and their expectations have increased. You must deliver an optimum experience to the user
- Personalized customer interactions are key to improved experiences i.e. customized messaging to each customer. You need a "personalization vision"
- By 2020, 4 billion people will be online and storage requirements will grow 20-40% a year
- 90% of companies expect to move at least some apps to the cloud by 2017
- 3D printing – 75% growth in 2014 of 3D printers, 200% in 2015
- Smart machines (robotics) will devalue/displace humans but create new jobs
- Software-defined networking (SDN or virtualized networks) will make it easier to manage change and integrate cloud services
- Wall Street Journal study finds 65% of organizations investing in Big Data technologies but only 8% have started using it
- Green buildings are a pressing priority – new and refits
- Wearable technology is the next logical step after mobile
- There will be significant business rewards from social collaboration within and between companies
- By 2017, 50% of mobile users will have downloaded mobile health apps (mhealth revenues could be worth \$26 billion by yearend)

RELAX – by 2040, 75% of vehicles will be autonomous prompting more car sharing, reduction of vehicles and energy consumptions. Seniors will still be mobile.

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The detailed content of the GFF study should necessitate strategic reviews of your technology strengths and weaknesses. The end user, digital focus and personalization requirements need to be addressed as well as technology collaboration and cloud solutions over complacent and less flexible resources.

## **OTHER 2014 TREND REPORTS**

BAI Top 5 Banking Trends 2014 by William Weidman:

1. Learning How to do Omni-Channel from Leading Retailers
2. Better Definition of Goals of Branch Technology
3. Drive more Revenue Outside of the Branch
4. Bifurcation of the Branch
5. Increasingly Targeted Advertising (shifting to online and social media)

PR Web, The connection – 3 Key Marketing Trends:

1. Niche Social Media sites (e.g. Snapchat & Vine)
2. Location Based Targeting (build location services into apps)
3. Mobile or Bust (optimized mobile and tablet experience)

## **CANADA**

### Bitcoin ATM'S

Vancouver was the first city in the world to install a Bitcoin ATM in 2013. Now Ottawa Bit Access has installed BTM's in Toronto and Ottawa. In its first Vancouver month \$1 million worth of transactions were done.

<b>Top Equity Banks in 2013</b>	<b>Top M &amp; A Banks</b>	<b>Top Bond Banks</b>
RBC Dominion Securities	RBC DS	RBC DS
BMO Nesbitt Burns	B of A Merrill Lynch	TD Securities
TD Securities	Morgan Stanley	CIBC Wealth Management
Scotia Capital	Goldman Sachs	National Bank Financial
CIBC World Markets	Scotia Capital	BMO NB

## **USA**

### 5 Best Online Savings Account of 2014 (Ranked by GO Banking Rates)

1. American Express
2. Discover
3. Barclays
4. CIT Bank
5. Ally

### Mobile Banking Vendor Scoreland 2013-14 (by Javelin Strategy & Research)

- 45% of mobile consumers used mobile banking in past 90 days
- 71% using mobile banking believe it is sufficient for their banking needs
- 100% of the top 25 banks now offer mobile banking

The report does a detailed competitive analysis of the 11 leading mobile providers. ([www.researchandmarkets.com/research/5rcpzc/2013\\_2014](http://www.researchandmarkets.com/research/5rcpzc/2013_2014))

**Note:** Mobiliti from Fiserv was named top customizable solution

### Wells Fargo Supports Isis Mobile Wallet

American Express and JP Morgan Chase are also Isis issuer partners.

## **LAST WORD**

In our blogs, I have regularly highlighted the need for diversified revenue streams as a top priority. The other strategic improvement initiatives are productivity and customer experiences. Consumers are alert to the historical torture of "nickel and dime" incremental revenue grabs, which have put many large FI's and credit card companies on the public relations hit lists. It is complacent, lazy management that thinks pricing is inelastic in our industry and they can sit back and continue their annual increases with no real improvements in products or services. In fact, everyone knows, clients included, that branch based revenue problems won't be solved by charging more, because fewer people are using stores in the digital age of banking. Secondly, people know that electronic transactions are far less costly than branch based or even ATM ones.

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Revenue streams have to be diversified whether you are a large or small industry player. Take the time to assess where and how you can generate new revenues besides doing product line or servicing extensions. What new or ancillary business or markets could create sources of income? Have you evaluated different partnerships and value propositions? Who is allowed to do revenue “skunk works” in your organization? Create a list of all possible complimentary revenue options which are not tied to branches. Open it up for brainstorming and don’t discount anything on the surface.

From a financial perspective, undertake value-for-money audits of all current and planned expenditures to ensure associated direct and indirect revenues are identified and will be captured – no leakage! For example, be careful with imagery marketing where you don’t actually create a new substantive benefit for customers but increase your churn and self-cannibalization. Naturally, you want new revenue and not “switch revenue” with hidden conversion costs.

Perhaps a good starting point for visionary leaders is to ask the age old question “what business are we in?” Then you can expand the horizon of possibilities and generate differentiated, sustainable new revenue streams. Get customer focus groups and your staff involved in helping to solve the urgent need for new revenues. Perhaps you can reach out to other businesses to undertake collaborative brainstorming or even help government officials to outsource services to your organization.

Innovate, Identify and Initiate with staff, customers, partners, suppliers, businesses etc. including emerging technologies. Revenues are your lifeblood and it’s transfusion time!