

Eagle Net



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THE MULTI-CHANNEL, COMPETITIVE LANDSCAPE

Since the early 90's, major banks have expanded channel choices to match customer preferences and trends. Today there are core channels, partnership channels and digital dynamics of platforms, apps and third party disintermediation (digital disruptors). The combined possibilities for consumers and businesses are extensive and continue to emerge.

In some quarters banks are attempting to "revitalize" channel attraction where the usage evolution is eroding the business model. Branches or stores are a prime example of these efforts. On the other hand, contact centres are being re-invented into integration centres for all channels and businesses. Effective, multiple partnerships present another array of coordination, communication and data capture challenges for customer management. But with a highly technological and financially literate population the customer controlled digital choices can leave you without primary behaviour data with only limited information from transactions that flow through banks' systems. This latter direction is compounded by significant brands entering the payments field with their own independent applications, which will no doubt emerge in other business streams.

Historically, customer management and engagement was predicated on a bank's data integration capabilities and its management vision to dissolve silos. A couple decades ago the data was fairly inclusive and segmentation modeling was effective as long as you devised the relevant groupings. Now, the customer not only controls channel choices but the data flows therein which can exclude critical bits and bites from your view. Integrated data management across all channels will always be important as long as you recognize the gaps and shortcomings.

Going forward, we need pivotal initiatives in customer relationship management that combine the integrated data available and more proactive interfaces/interactions with individual customers to gain an edge in segments-of-one behaviours (personalization). Technology can assist with artificial intelligence applications using extracted data and digital dialogues. To be truly customer centric, relationship management has to reach new levels where you have a 3-D view of all data, behaviours and preferences of a person's life and lifestyle at home, work and play. Otherwise there will be too many erroneous assumptions and conclusions.

HOT TECH TRENDS (Credit Union Magazine February 2014)

1. Twitter (Twitter features more than 500 million tweets a day)
2. Google Glass (Glasses are trendy!)
3. Other Wearables (Nike FullBand to Samsung Galaxy)
4. Snapchat (Share questionable pictures that disappear quickly)
5. Instagram vs Vine (Post videos: Vine – six seconds; Instagram – 15 seconds)
6. The Cloud
7. Selfies Rule (Smartphone with a camera)
8. Virtual Teller (Remote servicing)
9. myFI (Multiple relationship the norm)
10. Binging (Consolidate activity sessions)

U.S.A.

IBM Survey

- 5.9 billion mobile phone subscribers globally (almost 6 out of every 7 humans on earth)
- 71% of smartphone users compare prices in stores
- Mobile sales accounted for close to 40% of all 2013 Black Friday online traffic and 25% of all online sales, which increased 19% over 2012
- 92% of consumers research online and seek opinions via earned media before a purchase
- 70% of a B2B purchase decision is made before a sales professional is contacted
- \$83 billion is lost every year in the U.S.A. due to poor customer experience

Note: A recent survey asked executives if they were delivering superior customer experiences – 80% said yes. Only 8% of their customers agreed.

Pew Research Centre's Internet & American Life Project April 2013

- 56% of American adults own a smartphone (18-34 age group 80%)
- 72% of online American adults use social media sites

T-Mobile Makes a Prepaid Card Play with Mobile Focus (Payments Source)

T-Mobile is targeting the underbanked consumers with a prepaid, reloadable Visa card through its Mobile Money initiative (direct deposit, free in-network ATM withdrawals and mobile cheque deposits) to attract consumers away from cheque-cashing stores.

Aite Group LLL Research

47.5 million U.S. consumers will use remote deposit by 2016, up from 11.8 million in 2012. During the same period, the number of U.S. consumers using a mobile device for banking apps will grow by a compound annual rate of 32%!

Digital Banking Industry Trends (Bankers Hub)

1. U.S. consumers continue to favour large financial institutions
2. U.S. aging population is changing banking behaviours
3. Younger, Gen Y customers are more active bill pay users
4. Boomers and Seniors are engaging in digital banking at an increasing rate
5. Consumers are moving to mobile only banking
6. Mobile users are early adapters of mobile banking
7. Digital users have multiple devices to connect with FI's
8. More devices mean more time online
9. Mobile remote deposit capture is changing consumer behaviour
10. Personal financial management (PFM) users are more engaged with their FI

Apple's iBeacons Create an In-Branch Mobile Experience

Apple's iBeacons enable micro-location capabilities i.e. interacting with customers while waiting in a branch. Of course customers need to opt in to receive the experience of sharing special services and information; creating appointments, crowdsourcing customer experience (branch experience feedback), sharing offers and digital forms and making real-time customer identification as they enter the branch.

HSBC to Offer Free Fraud Prevention Device

HSBC is providing a device for online banking customers to generate a unique security code when they log in to the bank's website. The device can be a downloaded app or it can be carried on the person.

Digital Apps Receiving Bankers Attention

Simple: A digital FI has acquired BBVA Compass which permits images and documents to be attached to transactions

Moven: A debit card with transaction tracking feature

Numbrs: Visualize future purchases based on finances

Bank West: Customers can retrieve bank account balances without login

Yahoo Weather: Local weather conditions

Level Money: See linked financial accounts and trends

(Amazon and Apple are watched for inspiration).

Apple CEO & Mobile Payments Plans (Payments Source)

Apple's CEO, Tim Cook, sees a big opportunity in mobile payments and has appointed VP Jennifer Baily the task of building a payments business.

Investor Carl Icahn has pressured Apple to invest in mobile payments.

Starbucks CEO has taken on the payments business in his company.

NEXT? Expect more digital disruptors!

Rohit Talwar – Fast Future: Accelerating Innovation

In his first Futurescope Newsletter for 2014 Rohit highlights "10 Crucial Conversations for 2014"

1. What are our plans for alternative possible scenarios for the global and local economy?
2. What are we doing to build a thinking, open and curious culture?
3. How can we develop tolerance of uncertainty as a core competence in leaders and managers?
4. Do we need an entity within business that has a licence to think the unthinkable and generate new paradigms and possibilities?
5. What is our stance on crypto (digital) currencies such as Bitcoin and Liticoi?
6. What is our organizational policy on human enhancement?
7. How should our strategy for end user technology evolve?
8. How will we deal with the impact of the informal (shadow) economy on our organization?
9. What is our stance on automation, robotics and artificial intelligence and the impact on the workforce?
10. How can we help staff take responsibility for and prioritize lifelong learning?

PARTNERSHIPS/ALLIANCES/AGENCIES

Digital distribution alternatives tend to dominate everyone's discussions today when looking at customer engagement challenges and opportunities especially with sharing platforms, apps and other online experiences. But collaborations have always been an excellent way to extend distribution, value propositions and growth at lower costs with strong financial returns.

Strategic alliances have always been on FI's radar primarily with national institutions or corporations to build brand and improve content marketing throughout marketplaces.

Partnership marketing or sales have not grown as rapidly as one would expect since these are very viable in local areas to build reciprocal opportunities and benefits for all stakeholders.

When I mention agencies to FI professionals they naturally envisage rural communities where one can piggyback on current local brands' customer bases. On the other hand, the agency concept can work both ways. First, an agent can represent an FI for various activities or referrals and secondly, the bank or credit union can become an agent for a variety of services provided by municipalities, entertainment and professional firms, etc.

Collaborative marketing and sales can even take the giant step by entering into cooperation for shared services and sales.

Once the blinders come off and the customer becomes the central focus in strategies and actions, many cooperative options can become reality in multiple channels, not just digital distribution.

OPPORTUNITIES DIAGNOSTIC

We (WESI) have been partnering with FI's globally for nearly two decades who are committed to a customer centric vision and the CEO or Divisional Head is the sponsor of our relationship. We encourage clients to undertake an objective opportunities assessment of all customer and background operating activities if one hasn't been completed in the past five years. The recommendations cover productivity, profitability, cultural and resource opportunities of a significant value over the short, medium and long term, while concurrently building improved customer experiences. Our testimonials give solid evidence to that fact.

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Since we always are part of the implementation exercises, recommendations become a reality and not another shelf study. Sometimes, we find people who are skeptics but by being involved in the process and prioritization they quickly become converts and are trained to continue the opportunities identification projects going forward.

As we move into the spring and planning cycles begin for next year, this is the ideal time to look for those improvement opportunities – for the customers/prospects; for the stakeholders and the bottom-line.

OUR BLOGS

Besides our periodic E-Journal, we blog regularly and encourage you to check out our conversations at www.whereeaglessoar.com. You will find an inventory of our Eagle Net Journals and blogs. We welcome your comments, questions and business. On average we have 3K hits on our website daily.

THE LAST WORD – DIGITAL DISRUPTORS

Over the years of deregulated financial services, we have all recognized the need to diversify and counter strategy disintermediation by new and emerging competitors. When distribution was dominated by bricks and mortar, there was a false sense of security that new entrants could not easily “eat our lunch” due to the related invasion costs. Then came the contact centres and the Internet, which turned our world inside out and put the traditional players on the defensive. Many brands saw financial services as an easy product line extension for new value propositions. Niche players and intermediaries spring up everywhere, commoditizing our experiences.

Today the “digital disruptors” are everywhere on platforms, apps, chats and multiple devices. Major brands such as Starbucks and Apple (as noted in this Journal) have made strategic choices to be in the digital payments field – the lifeblood of banking revenues. The digital world has opened the floodgates to disruptors of every kind and to top it all off, financially and technologically literate consumers are building “myfi” (selfies) controlling connections, aggregating financial assets and researching non-financial industry alternatives.

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What do you think will be the impact of digital disruptors in the next 3-5 years. Do you have the knowledge and financial resources to compete? To partner? To merge? Etc.? Strategic contingency thinking on this subject should dominate part of this year's planning discussions and offset strategies. Where are your risks and opportunities? Disintermediation in all channels is truly a vulnerability of significant magnitude.