



BACK TO THE FUTURE

We continue our summaries from The Future of Business published earlier this year. In particular, here are some highlights from the chapter “The Future of the Internet” by Rohit Talwar and Alexandra Whittington.

Visions of tomorrow’s Internet vary quite dramatically from the notions of a smart public servant that anticipates and serves all our needs while protecting our information fiercely; to dystopian visions where every action is monitored by governments and commercial interests.

The internet is a central backbone for the planet. 3.13 billion worldwide Internet users today are going to be 4.7 billion by 2025. Over 10 to 20 years the notion of devices being grown or grafted into our bodies is not beyond the realms of possibility. The Internet is becoming the battleground between those born physical and those born digital challengers. Masters of the universe e.g. Google, Facebook etc. own the user interface and the platforms through which we interact daily. Daily life will become more web-enabled, web-dependent or web-embedded. Privacy will be something only the upscale will enjoy!

Hyperconnectivity will make globalization seem quaint.

Microsoft’s June 2014 report “Cyberspace 2025” identifies three scenarios of evolution and impacts – plateau, peak, canyon. “Walled garden” applications will restrict the access to what providers chose to offer. The most interesting and disruptive aspect of Bitcoin is the underlying use of “blockchain technology”. A recent venture called Ethereum provides tools that enable users to program self-activating, self-managing smart contracts.

Technology that could have a major impact on connectivity is The Outernet – the idea of taking connectivity to space via satellite and transmitting data in a fashion analogous to radio transmission rather than Wi-Fi.

Advances in machine learning, speech and gesture recognition and other forms of AI will enable micropersonalization. AI will increasingly enable us to draw on a collective intelligence in the cloud.

- Mobile payments will be the norm within 5 years

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- On the horizon is the notion of the Semantec Web incorporating technologies such as Google's Knowledge Graph, Hummingbird & Schema.org incorporating multi-sensory information
- On the risk side, ransomware is reported to have hit at least one million victims already
- It is clear that the scale & functionality of the Web and the underlying Internet are likely to expand dramatically

PAYMENT CARDS WORLDWIDE

12 billion payment cards are in circulation worldwide as at the year 2014 with an 11% increase in that period and a total spend of \$20 trillion.

UnionPay is the largest scheme with 4.8 billion cards (40% of the global base) with 32% of value. Visa is 23% of cards and 34% of value whereas MasterCard is 18% and 21% respectively.

Predictions for 2020 indicate that 71% of cards will be debit, 20% credit, 6% prepaid and 3% charge. Credit cards are declining due to credit tightening/criteria.

2015 U.S. CONSUMER PAYMENTS CHOICE STUDY

- 50% of respondents have installed a mobile app from their bank
70% of that group use the app multiple times a month.
- 41% prefer debit cards (down from 49% in 2013) credit card preference is steady at 35%
- 55% state that loyalty and rewards are important in driving behavior
- 46% prefer e-mail communications with FI's
- 43% prefer receiving marketing & special offers only once a month

A big challenge is figuring out a preferable format for interpersonal connections with Millennials.

GLOBAL MOBILE BANKING

Alan Kline reported in the American Banker on mobile bank leaders.

The Spanish bank CaixaBank is rated as the top innovator. It was one of the first to offer contactless payments and has the most mobile customers in Spain. Also CaixaBank was the first in the world to launch its own app store. Forrester Research gave it the top worldwide score for mobile banking functionality and Retail Banker named it the world's most innovative bank in the field of mobile payments. Of the 8% of transactions handled at its branches, the vast majority are commercial.

In the Netherlands, only 5% of customers set foot in a branch during a year. 100% of everyday transactions are handled digitally or on ATM's.

U.S. and U.K. lag banks in Europe and Asia when it comes to mobile adoption.

Innovations to market are fastest in Spain, Turkey and Poland.

Compliance obligations and the priority of rebuilding reputations are the U.S. banking preoccupations.

Naturally, with the growth of the digital world, cybersecurity is a hot topic especially for smaller FI's who have limited resources. This fact will motivate many to engage in partnerships and collaborations with institutions which provide the needed resources and expertise.

MCKINSEY & COMPANY – "THE NEW CONSUMER DECISION JOURNEY"

This is a good whitepaper on consumer-centric influences and literacies affecting digital commerce. Originally McKinsey saw the "consumer decision journey" (in simplified form) as shoppers using technology to evaluate products & services actively, changing choices due to feedback reevaluations and then pressuring for superior experiences. McKinsey says suppliers' investments in new technologies have helped regain some relevance and influence on how purchasing decisions are made and move the consumers quicker to the all-important loyalty phase with dividends of repurchases.

They see a company's ability to deliver the required value relies of four distinct interconnected capabilities:

1. Automation streamlining the journey steps
2. Proactive personalization to customize the experience
3. Contextual interaction predicated on location knowledge
4. Journey innovation which extends value to both parties

Obviously, the message is that suppliers have to be technologically proactive with the individual customer's value points and interactions. Therefore, you need to know customer behaviours, trigger signals and value satisfiers which are shaped by external and internal environments. You want to be the purchaser's partner.

WOMEN'S FINANCIAL DECISION MAKING – REGIONS FINANCIAL CORP

I have followed Regions FC for years and am the recipient of their electronic news clips. Recently their Private Wealth Management launched a "Woman & Wealth" initiative to educate and empower women since more women than men, in their research, say they are solely responsible for financial decisions even though women expressed lower levels of financial confidence and optimism than men, in their study.

First, congratulations Regions for undertaking important customer preference and literacies research. Second, this is a fact elsewhere as our proprietary research studies in a variety of countries have shown at the beginning of this century. Third, education is only one brick in building the required experiences and engagements wall. Let me give you examples.

A number of years ago, we wrote in this journal about a Canadian FI where we had done appropriate research to highlight women's leading role. The FI had just released a new advertising campaign with 12 in-branch posters – only one depicted a woman.

FI's are great for "trinkets and trash" promotional giveaways. What percentage is of value to women?

Time management for many women has been highlighted as a real concern with all the daily pressures on working mothers. How do your value propositions synchronize in solving the dilemmas faced?

Finally, in assessing your interview screens/apps are they personalized to the market realities of women's roles?

LAST WORD – OFF THE CUFF

Those of you who know me understand my propensity for performance management cultures. Yes, I agree what gets measured gets done! But that in itself is too simplified. During my performance management years as a student and teacher, we went through much iteration on the principles and process. One thing I always practiced was “respect the dignity of the individual”.

In recent years, I have become disenchanted by what I see and hear in some institutions in our industry, especially at this time of year when performance influences pay and promotions. Remember performance management was never meant to be a once a year clinical (or political) event. Nor is it an isolated measurement of numerical values. This is a people centric culture where dynamic direction and motivation permeates the working atmosphere. As a manager, if you are not a coach and counsellor, please remove yourself from the process until you are. Performance is both an individual and team product which is dependent on internal and external interactions – some controllable, others uncontrollable. Everyone has potential as does the team as a whole which is greater than the sum of its parts. In other words, we are dealing with human beings not machines.

Generally, if people have been able to release their discretionary effort, they will outperform previous standards. Then their expectations rise for promotions and pay gains. As a leader, you are to help these contributors get the promotional recognitions they seek, given competing resources. Those who hoard good performers do not do any one justice including themselves.

As the year draws to a close and we all assess what we have accomplished and what to do in the future, we really search for empathy, understanding and truth. I am a firm believer that performance management works both down and up – something my professors dreaded at university but it was reality. You can only see if your culture is favourable if you have reciprocal reviews.

So, if you are simply going through a year-end exercise, take a look in a mirror and ask yourself “am I true to myself and the others?” In everything we do, even in life, there is a final judgement but it is not about the end game but the whole journey.

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A SEASON FOR FAMILY, FRIENDS & LOVE

This past year the WESI family has been challenged by many health issues. Also we have suffered great losses such as friend and mentor, George Rieder. Through all our personal challenges our faith is the saving grace. We realize that everyone celebrates Christmas or related holidays in very personal ways. Although we cannot be with all our family members, friends and customers, we do want you to know a world full of love helps us get through all seasons and for all reasons.

May the love of life be with you.