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THE FUTURE OF BUSINESS

Business Agility: The Future of Work – Laura Goodrich

Agile management approach is the wave of the future for companies seeking to stay ahead of the curve. Four facets of Agile Management:

1. Regular adaptation – to changing circumstances. Strategic plans need to be flexible to reflect changing conditions.
2. Trust – success is achieved by motivated individuals who communicate with each other in a culture of trust.
3. Communication – information must be shared among employees and management plus between a company and its customers. Close cooperation fosters a climate of agility.
4. Efficiency – the agile business environment is finely tuned to respond quickly and decisively and to ensure every action moves the team one step closer to success.

Becoming Agile:

- Identify the agents of change – pinpoint the core group of people including the CEO that will embrace the new approach
- Set goals – performance goals requiring agility
- Be ready to change deeply entrenched practices – e.g. moving from annual financial cycles to quarterly or even monthly
- Make it your company

FINTECHS GARNER MORE ATTENTION

Everywhere you turn today there are fintechs sprouting and it is hard to keep up with all the developments. We and our partner, Peoplewerx, try to keep in the know so here are some innovations worth looking at.

The American Banker is always a great source of fintech information online.

In a January 27th issue, it talks about fintechs that team up to become more bank-like. Moven, the digital only “neobank” is partnering with online lenders as part of an effort to differentiate its services and become its users’ go to app for financial transactions of all sorts. Financial institutions should pay attention to this rebuilding effort.

Top 10 Fintech Startups in 2015

1. Bitcoin debit card (coinbase) makes cryptocurrency more accessible anywhere VISA is accepted. Bitwage, a startup, helps individuals and employers integrate Bitcoin payrolls!
2. ICICI Bank now lets anyone with a smartphone and a Twitter account tweet money transfers. Customers can use their voice as a secure password for mobile banking. Fastacash helps banks, mobile operators and FI's receive payments via social media. Squarecash lets companies receive payments from customers online.
3. In Kenya (yes Kenya) mobile phones enable entrepreneurs to receive short term loans via Greenshoe, Kreditech, Happy Mango and Vouch (crowdsourcing).
4. La'Zooz, a car pooling service makes an investor out of every user. Reveal, a social networking site, pays users with cryptocurrency for using it.
5. Number 26 is transforming 6000 local German stores into bank branches where customers can withdraw and deposit money using an app. PayNearMe enables users to pay for online purchases, rent etc. with cash by visiting a local 7 Eleven.
6. Cribb allows investors to host startups in their unused homes in exchange for 5% equity.
7. Aspiration is an investment banking firm that lets customers show how much to pay for their services.
8. Even offers no-interest loans to help freelancers balance out their finances from one month to the next.
9. Sustain:Green is an ecofriendly credit card which automatically offsets CO₂ emissions associated with a user's spending. Givesurance is a brokerage which converts 5% of clients' insurance payments into charity donations.
10. WordPress plugin AdBloc-to-Bitcoin enables an easy-to-integrate way for publishers to request donations from readers who are using adblockers.

Benzinga website also tracks fintechs. Here are the fintechs they suggest we watch in 2016:

1. Advizr – robust financial planning and automated advice delivery
2. Airex Inc. – somewhat of an amazon.com of financial information plus an independent cloud-based marketplaces for financial apps, information and reports
3. Call Levels – financial monitoring and notification services optimized for the mobile cloud. Clients can receive instant notification on mobile devices
4. Exeria–Arena - program allows investors to have access to all types of trading algorithms the Wall Street institutional investors use and includes the opportunity design your own
5. Kuarix – platform allows clients to bypass fees and “mysterious” bank commissions typically associated with foreign exchange transactions (55+ currencies)
6. Seedinvest – clients have direct access to invest in the 1% of startup applicants that meet the company’s rigorous screening and due diligence standards
7. Stash – app allows for fractional investments in a number of popular stocks and EFT’s for as little as \$5 and it provides a range of educational tools

In Australia, Moroku is gaining attention with FI’s and it is reaching into Asia with its gamification apps for banking and payments. Moroku Game System and Moroku Manakash are part of the portfolio. WESI is in conversation with this fintech regarding North American intentions.

Without a doubt, fintechs can not only extend FI’s services and product lines but also as we are seeing more and more, when in collaboration they can disintermediate FI’s. Large and small financial service organizations need to be scanning the fintech landscape continuously utilizing their Millennials innovators among staff and customers.

Fintechs are a game changer for everyone and consumers on the Internet get excited with all the new horizons. We actually find that many in senior management are not well versed on fintech initiatives and their implications. This is a strategic area requiring agile surveillance.

Top 5 Digital Banking Activities

VSoft Corporation's (Atlanta, Georgia) new survey states consumers who currently use digital banking services identify their top 5 digital activities as:

- Balance inquiries 81%
- Online bill payments 72%
- Money transfers 60%
- Finding ATM/Branch Locations 45%
- Customer service support 37%

Canadian Initiative

Equitable Group Inc. last month launched a new digital bank offering a 3% high interest savings account. Ads are appearing on TV and <EQbank.com> is ready for new customers – virtually. The new bank's account allows customers to pay bills and to transfer money to friends and family. A recent Canadian Bankers Association report says that 55% of Canadians do most of their banking online.

OMNICHANNEL DIGITALIZATION

Considering the explosion of fintechs and FI's historical dependence on branches, where are banks in addressing integrated digital engagements and experiences? Some of the majors and more innovative institutions have internal steering committees on digitalization with executives across all departments such as Bank of the West but still the cultures have one foot in the past as they invest more into select branches to provide integrated digital experiences using interactive video technologies and game theories. But the question is who goes to a branch for a digital experience – the window is on their smart phone, tablet etc.

The key is to have all products and services available digitally plus engagement extension partnerships with other organizations. Cooperation is back in vogue especially in the credit union movement where multiple collaborations are needed for digital successes. Traditional vendors to the financial industry are trying to offer more and more digital product and service technologies but they too have to compete with all the emerging fintechs.

Like in the past, banks and credit unions that offer consistent experiences across all channels will be the competitive leaders in meeting and exceeding consumer preferences today and in the future. Relationship engagements need evolving digital solutions and research proves that customers who engage digitally tend to use more products and services, carry higher balances and generally are more profitable.

Where are you in the digital transformation cycle versus your customers and competition? Undoubtedly your ability to partner and to manage a multi-facet omnichannel with flexible cross channel digitalization will be your success variable.

ATTRACTING MILLENNIAL CUSTOMERS

This is centrally critical to future profitability and customer growth. Our friend, David Kerstein, recently provided some valuable insight into this challenge in an American Banker article.

David's research shows that Apple Pay and Google Pay reduce the need for banks to provide the payment stream which is their lifeblood to profitability. So he offers advice on what it takes to profitably attract, serve and grow with Millennials.

1. Create the Right Experience – Millennials wanted to be served differently than older generations – they prefer digital banking on their smart phones/tablets. Uncover Millennials preferences and aspirations!
2. Become Tech Savvy – You need to understand their technological literacies and behaviours
3. Innovate & Learn- the amount of change and the speed of customer adoption is unprecedented. Innovation culture is mandatory with evolving customer experience requirements. Continuously scan for innovations externally and invest in internal innovation generation thinking and action – test, learn, promote and profit!

AFFORDABILITY OF HOUSES

In some large cities around the world, housing affordability has come to a crisis level for new home buyers. In Canada, Manulife Bank of Canada's Debt Survey shows that 2/3 of homeowners expect more housing price increases this year; 40% found at least once in the past year that they didn't have enough money to cover household expenses; still 75% feel that they can deal with unexpected household expenses; and the average

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Canadian homeowner has \$175K in mortgage debt. In Canada's two major cities, Toronto and Vancouver, the average price is over a million Canadian dollars.

Down payment rules for insured mortgages recently changed in Canada where amounts over \$500K require an extra 5% down payment.

Also young couples working in cities find the need to have additional incomes over their main occupation to meet financial requirements. Alternatively, people move as far as possible out of cities to more affordable areas which can be 2 hours away from city employment. We have seen this in Sydney, Australia over the last number of years. In San Francisco, SFFCU is now offering POPPY LOANS for 100% uninsured mortgage financing to try and keep people "in the market".

Most of us who have worked in large cities globally have been amazed at rush hour traffic going into city jobs and those going to the suburbs for their jobs. Wouldn't it be better for all concerned, the ecology and infrastructure pressures that more HQ's were outside city cores and that everyone had less wasted commuting time in their lives?

BEST CONTACT CENTER STRATEGIES 2015 – CONTACT CENTER WORLD

- (A) Community Spirit Awards
 - MassMutual (USA) Gold
 - PT Bank Mandiri (Persero) Tbk (Indonesia) Silver
 - MTS (Ukraine) Bronze
- (B) Contact Center Design
 - Teleperformance (Portugal) Gold
 - PT Bank Mandiri (Persero) Tbk (Indonesia) Silver
- (C) Customer Loyalty
 - CEZ ZS (Czech Republic) Gold
 - PT Bank Mandiri (Persero) Tbk (Indonesia) Silver
- (D) Direct Response Campaign
 - PT Bank Central Asia Tbk (Indonesia) Gold
- (E) Home/Remote Agent Program
 - Turkcell Global Bilgi (Turkey) Gold

- (F) Incentive Scheme
 - Optus (Australia) Gold
- (G) Best Outbound Campaign
 - Teleperformance (Turkey) Gold
- (H) Recruitment Campaign
 - PT Bank Mandiri (Persero) Tbk (Indonesia) Gold
- (I) Sales Campaign – In or Outbound
 - Teleperformance (Portugal) Gold
- (J) Social Media in the Contact Center
 - Cizio (USA) Gold
- (K) Green Contact Center
 - Bank BRI (Indonesia) Gold

TRENDS SWEEPING THE CALL CENTER SPACE IN 2015 – 3C LOGIC TEAM

- 67% to customers prefer self-service over speaking to a live agent
- over half of contact centers are utilizing remote agents and 70% plan to expand use of remote agents
- the number of Web RTC supporting devices continues to grow and is expected to reach 6 billion by 2019
- Cloud computing spending is expected to reach \$155 billion beginning 2016

“Customer experience will overtake price and product as the key brand differentiation by 2020”.

THE CONFERENCE BOARD OF CANADA CEO CHALLENGE SURVEY

Six issues presenting biggest challenges:

- Human Capital
- Innovation & Digitalization
- Operational Excellence
- Customer Relationships/Corporate Brand & Reputation
- Risk & Regulation
- Sustainability

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THE LAST WORD

Disintermediation has been a strategic distribution concern for 20 years among financial service industry leaders. The call/contact centres and Internet's evolution has opened windows to new direct and indirect competitors during that time. But now the digital expansion cycle has just started and is being accelerated by the explosion of fintechs. Basically the payments revenue stream previously controlled by large financial organizations is being attacked from many sources especially major retail and network brands. Individuals can employ their technological literacies and apps available to create "MYfi's" with all the products, services, information and aggregation needs customized to their preferences.

During the recent recessionary years the banking industry has lost some of its glitter and trust with consumers so there is a public relations cloud that doesn't seem to go away. This is further reinforced by story after story of greed, privacy breaches, leadership errors and "profit before people and planet" cultures.

The consumers and businesses now have more control of their financial service choices plus an array of options like never before. The customer is in control!

Our industry has to show more customer-centric empathy plus be open to innovative partnerships and to contributing to social priorities in cooperation with each other and the public at large. The financial services world is a dynamic and dazzling landscape of digital daring and customer customization – this is a revolution where you must be an effective contributor.