



AT YOUR SERVICE

BY RON POLANIECKI, CAE

Forecasting the future of retail delivery is an inexact process. But, as with so many things in life, it all starts with some very simple steps.

Doug True, president of FORUM Solutions, LLC (www.forumsolutions.com), a wholly owned subsidiary of \$1 billion FORUM Credit Union (www.forumcu.com), with 100,000 members, Fishers, Ind., and SVP/ lending and technology at FORUM CU, says credit unions seeking breakthroughs in retail delivery should spend time working the teller line, member service desk and call center. In each area, ask: "What technology would make the job easier?"

"We recently did this," says True, "and discovered three 'pain points' or 'needs.'"

1. Simple information, all in one place, to depict a member's entire account relationship. This information allows front-line staff to provide an experience that "wows" the member.

2. A central location for notes about the member, plus a method to informally gauge the member's happiness with the credit union.

3. An automated and streamlined referral process to connect business units. True explains: "Suppose a member comes in with a large check to open a certificate and is not pleased with the rates. The teller asks if the member would be interested in talking to the CU's investment advisor. If 'yes,' a referral system could be used for scheduling, follow-up and tracking employee incentives."

"You don't need an expensive CRM system to alleviate the pain," says True. "There are many technology options with varying prices that can help fill these needs," he adds.

Very importantly, True continues, it's critical to look at member-centric technologies that make doing business easier for members, not CU staff. Among convenience-oriented technologies, True sites remote deposit capture, the technology that provides members the capability to make deposits from outlying locations by capturing check images using inexpensive scanners or multi-function printers. With this capability members

Your credit union's next retail delivery menu options should consider the true needs of your membership.

can make deposits based on simple images of checks to be deposited rather than the original checks themselves.

Like many, FORUM CU faces the challenge of an aging membership. "Younger members do not just want new technology. They also want innovation on the product level," says True.

The new reality, he continues, is that specialized providers such as ING Direct (www.ingdirect.com), with its focus on high-interest savings products, and Capital One (capitalone.com), with its focus on credit cards, are offering single product lines that can't be matched by the average full-service financial institution. The market is being fragmented in new ways, says True. It's a hurdle as credit unions prepare budgets for not only next year, but also for the budgets in rolling five-year plans. "It's hard to predict the impact of these new one-product providers," he says.

True keeps on the lookout for innovations, and reports about some on his blog, True Story (www.dougtrue.net).

At FORUM CU, says True, "We're looking at how members manage, gather and spend their money, and then we're developing a new product based on what we're learning."

As a backdrop to the focus on new products and services, True reminds that fraud detection will continue to be of import. "There are many ways to mitigate risk, and like other areas, the ideal solution depends on each credit union's unique situation."

Terence Roche, a partner in CUES Supplier member Cornerstone Advisors (www.cmrstone.com), a strategy and technology consulting firm for financial institutions

sumers want systems to “remember” their habits and usual requests (for example, their beginning screen). A second trend, observes Roche, is the ever-expanding use of cell phone (or wireless) banking. Currently, most consumer needs in this arena center around notifications, e.g., if checks have been deposited or balances fall below a certain threshold. This will mature quickly, he adds. And expanded cell phone use is not just for the young. Studies reveal that consumers in the 40-plus age segment are becoming frequent text messaging users; more than 18 percent of this group are “regulars.”

The third trend, Roche adds, is a need for integrated

in Scottsdale, Ariz., suggest three trends to watch, two questions to ask and one pitfall to avoid.

The first of these trends, says Roche, is a growing demand for more personalized Internet banking. In other words, users want to create their own rules and experience. For example: Consider a consumer entering data regarding a new vendor for bill payments with an amount of more than \$1,000. The consumer may want the system to (a) process it immediately; (b) ask a pre-determined challenge question before setting up this new bill payment; (c) send an e-mail confirmation that it has been set up, or (d) do both (b) and (c). Furthermore, he says, con-



BRANCHES ARE ALIVE AND WELL

In the mid-1990s, Microsoft Chairman Bill Gates called branches "dinosaurs"—predicting extinction by 2005. Today, in 2007, branches are alive and well, reports Paul Siebert, CMC, principal and VP/financial services at EHS Design (www.ehs-design.com), a firm specializing in branch planning, architecture, interior design and strategic planning in Seattle.

"Many consumers want to go to grocery stores, Starbucks and their financial institutions. They need physical contact even within a culture that promotes virtual relationships over personal connections. Research confirms that young people are among the in-person visitors. Banking is not just a remote relationship built around transferring data on the phone," he says.

In the mid- to late 1990s, about 55 percent of members did business in a branch office at least once a month. Acceleration of electronic delivery in the 1990s drove branch visits to a low of 43 percent. Now, it's stabilized at 45-46 percent, says Siebert. As to the many new and evolving technologies that are advancing branch performance, Siebert mentions these:

- One new concept in advancing robbery suppression and apprehension, called "SafeCatch," is changing the way credit unions place cameras. No longer are they positioned to just take a picture of the top of a baseball cap. Rather, they are situated for clear face recognition and some are hidden to capture the suspect's image. Most importantly, says Siebert, they work. "According to the FBI, financial institutions that have employed the techniques report a 74 percent reduction in robberies," notes Siebert.
- Coins, and the need to process them, are a reality for most credit unions. This process can be turned into an advantage through self-service units in the lobby that are reasonably quiet, entertaining, and offer a number of methods of deposit, including donation.
- Environmental technologies are helping credit unions make their branches "green." This includes advances in HVAC controls, energy-efficient lighting, and improved use of water. These technologies are avenues for integrating "green" into a brand.

Credit unions have opportunities, Siebert continues, to combine the traditional, low-tech, brick-and-mortar branch with state-of-the-art technology to provide members with a new world of service enhancements.

When it comes to next-generation retail delivery systems, Amplify Federal Credit Union (www.goaamplify.com), according to Marketing Director Kent White, Amplify FCU's leading-edge services are driven by its business model. The Austin market has a "stunning educational level," with many employed at computer-related companies, he notes. Thus, Amplify FCU's high-tech branches are a perfect fit. The branches feature open space, cafe-style seating, wireless Internet hotspots, gourmet coffee, cable news and, befitting Austin's music fame, recordings from many local artists. The purpose, says White, is to make the branches inviting to a diverse marketplace. And, he adds, "We want to be a place where people can relax and think."

The foundation of the branch, says White, is the wireless technology. For example, accounts can be opened at a cafe table, not just at the teller line or a traditional new accounts desk.

"The intent of our design is about providing choices

WHERE THE FUTURE IS NOW

if the purpose of the pilot is to test software, refine a service, or validate the value of certain features, then it has merit," Roche adds. However, pilots rarely yield decision-making data. Instead, both those in favor and those against will find evidence to support their positions. In short, says Roche, "Use a pilot in a rollout plan, not as a tool to settle disagreements."

member-contact history. This means a member expects service representatives to be able to view paper-based activity, ATM transactions, Internet banking history, cell phone transactions, and pending Web-based loan applications. In other words, the service representative should be able to see and service the entire relationship. While the credit union is expected to have a single view of the member's relationship, that does not mean every member has the same perspective of the credit union. For instance, major factors in member criteria for rating branch service are speed, accuracy and friendliness, explains Roche. However, in the electronic arena, the major factors are security, ease of use, degree of personalization and 24/7 availability.

As to questions boards should be asking, Roche suggests:

- Given that next wave technology tools will require a potentially significant investment, what's our payoff (ROI)?
- Given that the marketplace has confirmed that simplicity trumps everything else, how easy is our technology to use?

And, finally, says Roche, a caution: Be wary of pilot programs. He explains: Sometimes a group is uncertain about launching a major new product, and as a means of delaying the decision, recommends a pilot program.

"It can be a false compromise," he says. "To be sure,



Ron Polaniecki, CAE, is a freelance writer based in Chicago.

“There needs to be a balance between member- and employee-centric solutions,” he says. “And a balance between serving the younger member and the long-time member who, after all, allows you to turn on the lights. And between heavily investing in the latest rage (“the next big thing”) and holding back. “After all,” quips True, “the next latest rage, and hence the next big thing, will probably come along in another six months.”

“With each new high-tech delivery system, boards need to ask, “How will it fit into the evolution of my credit union’s overall strategy?” says True. “There needs to be a balance between member- and employee-centric solutions,” he says. “And a balance between serving the younger member and the long-time member who, after all, allows you to turn on the lights. And between heavily investing in the latest rage (“the next big thing”) and holding back. “After all,” quips True, “the next latest rage, and hence the next big thing, will probably come along in another six months.”

Market research, of course, is essential, says White, and how you interpret it is key. He notes that Henry Ford quipped, “If you ask my customers what they want, they’ll say a faster horse.” In other words, it’s up to credit union management to take what customers say and then use technology to build tools to meet that need.

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Change and innovation are not for the faint of heart, warns White. It’s a bumpy road, and requires hiring the right people. “A hat and a fire hose does not make a firefighter,” he says. It’s the same way with servicing and supporting a high-tech delivery service. “It starts with the employee selection, continues with the training process, and ultimately depends on an organization’s culture to sustain it.”

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RESOURCES

To read more articles on technology for boards, log on to cunamanagement.org and select “Article Archives” at the left of the page. Select “Credit Union Boards” and then “Technology for Boards.”

Read “Fringe Players or Market Disruptors?” on CUES Skybox (cues.org/skybox) in the “Advanced Leadership Institute” category to the right.

Hear more from Cornerstone Advisors’ Terence Roche at CUES’ Directors Conference (cues.org/directorsconference/), Dec. 2-5 in Waikoloa, Hawaii.

Read more about Amplify FCU’s MoneyTracker at cues.org/nexusconnection/type/amplify into the Google search box. Be sure to check the comments section which includes a link to another article on *CUES Tech Port*.

for the member,” White says. “We’re not simply a transaction center or an efficiency machine, where success is measured by how fast a teller can say ‘Next’ to members standing in line.”

To be sure, Amplify FCU focuses on saving members time. “Our motto is ‘Bank less. Live more,’” says White. Another example is Amplify FCU’s approach to money management tools. Although numerous members have tried such programs as MS Money and Quicken, says White, many find them complex. For most budgeting, expense tracking and reporting processes, a simpler, easier-to-use alternative is wanted, he explains. To answer this need, Amplify FCU offers MoneyTracker, a new (launched March 2007) personal financial management program and one of Amplify FCU’s showcase products.

MoneyTracker enables members to aggregate their accounts from all financial institutions, not just Amplify FCU, providing a full financial picture. Another feature: A powerful, natural language search engine allows a member to find, for example, a debit transaction made at a certain retailer by simply typing (e.g., less than \$150.00).

What’s unique, says White, is that MoneyTracker requires no file downloading—information is always up to date each time users log on. The system offers personalized messaging as well, which means members can receive up-to-date information via e-mail or a cell phone text message about transactions of their choosing. “Our goal is a fast, seamless experience,” he says.

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