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AN ELECTRONIC REPORT FROM THE CUNA TECHNOLOGY COUNCIL

Technology makes the news at Symposium

Top ten technology trends for CUS

Credit unions interested in prioritizing their technology strategies now have a new tool. In a pre-conference workshop, the CUNA Technology Council and TowerGroup unveiled the list of top ten technology trends for credit unions.

The top-ten trends build on a list TowerGroup outlined one year ago for the council, and is the result of a focus group of twenty chief information officers from credit unions ranging in asset size from \$60 million to \$1 billion.

The top ten technology trends are, alphabetically:

1. Account aggregation
2. Automated decisioning and fulfillment
3. Business intelligence (customer and member relationship management, marketing customer information files)
4. Multi-media contact centers
5. Document management and imaging
6. Electronic bill payment and presentment (EBPP)
7. Security and privacy technologies
8. Systems integration;
9. Voice-over IP
10. Wireless and broadband technology

TowerGroup organizes these trends into four major areas of technology strategies:

- Applications integration for member centricity (systems integration and business intelligence)
- Connecting the endpoints for collaboration (wireless and broadband technology, call centers as multimedia contact centers, and voice-over IP)
- The Internet: now what? (account integration and EBPP)
- Making "e" work better for both credit union and members (security and privacy technologies, document management and imaging, and automated decisioning and fulfillment)

Overall, financial service institutions of all types view application integration as a critical component of improved service and sales delivery. ♦

This article is excerpted from News Now, September 27, 2002.

New reality: get more for less

Finding the new future in financial services means credit unions must address new realities and get more with less, says Mark Sievwright, president and CEO of TowerGroup. Five aspects are transforming the financial services industry:

Consolidation. Competition will be centered on service. By collaborating or merging, credit unions can capitalize on their reputations of personal service and trust to take on the scale and scope to be effective.

Convergence. As insurance companies, securities brokers, retailers and manufacturers offer financial services, 72% consumers still are reluctant to put all their eggs in one basket.

Channels. Members want online help with things that take their time, such as paying



CUNA SYMPOSIUM
ORLANDO

E-BUSINESS. E-MEMBER. E-VENT.

bills. They want a number of delivery channels, with service information integrated across all channels. About 85% want to aggregate their bills.

Consumer/member focus. A paradigm shift is taking place in consumer marketing, now based on individual members, customized products and services, and knowledge of the member.

Cost of ownership. Return on information-technology investment must happen faster and be more visible. Thus, many institutions are outsourcing services.

“Decide what’s important to the credit union in its mission and vision. If it’s service, what parts of the service chain do you outsource and lose control of? It depends on what you want to control, what you’re good at, and how much you can spend,” Sievewright says. ♦

This article is excerpted from News Now, September 30, 2002.

Broadband a necessity, not a luxury

Broadband technologies—the fastest growing Internet access technology—will be critical

to credit unions hoping to have multichannel access for members and planning to provide new services. In fact, broadband services will be a necessity, says Tom Kroen, director of information technology at First Technology Credit Union in Beaverton, Oregon.

Broadband opens up opportunities for new service through multichannel access, on-line chat, streaming video, online conferencing, and video conferencing.

Broadband’s parameters include:

- Integrated Services Digital Network (ISDN)—144 Kilobytes per second (Kbps);
- Digital subscriber lines (DSL) such as phone services—384-768 Kbps (nonshared);
- Cable modem—1.5 Megabytes per second (Mbps) (shared);
- Satellite Internet access—Up to 500 Kbps (nonshared).

Kroen noted that while cable has double the access speed, the user shares the modem with other users. ♦

This article is excerpted from News Now, September 30, 2002.

Experion Systems wins award at BAI

The CUNA Technology Council named Experion Systems, Inc., of Billerica, Massachusetts, recipient of its second annual Best in Show Award during the 2002 BAI Retail Delivery Conference and Expo in Atlanta. The award recognizes a company at the BAI Retail Delivery Conference that has

shown extraordinary commitment to credit union technology.

Experion Systems provides advice technology used by frontline branch or call center personnel at credit unions to assist their members in making informed financial product selections. It also provides Internet capability for self service use directly by members.

“The council doesn’t endorse vendors, but we want to recognize certain companies that have really gone the extra mile toward helping credit unions with their e-commerce solutions,” said Jim Morrell, Council chair and vice president, information systems, Clark County School ECU in Vancouver, Wash. “We think the BAI Retail Delivery Conference is a fitting place to make this award because credit unions are gaining a more visible presence here,” said Dan Kinne, Council executive committee member and vice president of technology for Silver State Schools CU in Las Vegas, Nev. ♦

You may learn more about Experion Systems by visiting their web site at www.experionsystems.com



HEARD IT ON THE LISTSERV

Hot topics and interesting conversations:

E-statements: Require a signature when a member opts for no printed and mailed statement? Responses include:

- allowing an authorization through the credit union's home banking program;
- requiring a signed application that also addresses compliance and disclosure issues;
- initiating an e-notification process, requiring the member to opt-in to the service through an "I agree" disclosure.

In the e-notification process, part of the agreement requires members to maintain their e-mail address. If they don't, the credit union has the right to terminate the service. The e-notification service is for all notices. Members must accept online notification and access of all notices the credit union sends (monthly statement, Visa statement, NSF notices, overdraft notices, loan coupons). These notices are stored on a vendor's web-site.

An electronic service offered and accepted on-line is covered by the E-Sign Act. The Act has certain requirements that must be followed to allow on-line acceptance of compliance disclosures. The E-Sign Act requires

both the credit union and the member to reasonably prove they can access the information.

Internet membership: Create new accounts online without manual intercession by an employee?

Currently, one credit union's potential members fill out a web form. The credit union mails a membership application with brochures. When an individual responds, the credit union creates an account.

A possible alternative:

- Potential member enters information on a secure web-site, pays via credit card on the site;
- The membership request is queued and an employee is notified;
- The employee verifies membership eligibility and adds any further information to the request in the queue;
- The employee OKs the membership in the queue, and the information moves from the queue to automatically create the account on the host;
- An e-mail is sent to the new member, requesting that they contact that employee.

TECHNOLOGY NEWS DIGEST

Know you members' needs before they do!

Ever wish you knew exactly what members need before they pull into your parking lot—maybe even before they know what they need? So did Darrel Murff, senior technical officer at Texans Credit Union, Richardson, Texas. Partnering with Trinity Net Technologies Inc., Dallas, the credit union in 1998 began developing a credit union-specific system to accomplish that at every point of member contact.

Member relationship management (MRM) uses advanced client-server tools based on relational databases. Trinity's CEO Cliff Lazarine says that it's a front-line automation system integrated with the credit union's host system and all other external systems inter-

faces. MRM provides a 360-degree view of the member's relationship with Texans, which yields process improvements, real-time cross-selling assistance, and sales tracking.

Using a real-time decision support model, the software determines member needs and gives staff the best product or service to meet those needs immediately via a pop-up screen. The software tracks sales and referrals, enabling the credit union to compensate employees.

MRM's integrated, real-time applications span all of the credit union's operations: direct, indirect, and Internet lending; deposit services and new-account origination; marketing and sales; member services and call center support; collections; contact management, correspondence system, and real-time alerts; and decision support system, profitability

analysis, and cross-selling prompts.

MRM is designed to:

- increase products and services per member;
- track member business potential, based on transactions;
- eliminate errors and duplicate work, and create a paperless work flow;
- automate forms and member correspondence to improve productivity;
- conduct activity-based profitability analysis;
- improve the quality of member service;
- increase member retention;
- attract new members;
- increase the credit union's value to the member and vice versa. ♦

For more information about MRM, call Cliff Lazarine at 992-965-7070, or Darrel Murff at 972-348-2285.

This article is excerpted from CU Executive Newsletter, November 18, 2002.

Companies press consumers to use e-payment

For years, businesses have cajoled customers to view their bills online, mostly by offering cash, gift certificates, sweepstakes prizes and other incentives. A tough economy, though, has led to an even more aggressive stance, says *The New York Times* (October 29). In a move to cut administrative costs and save on paper and postage, some companies have started billing customers a few extra dollars a month for paper statements.

Leading the charge are telecommunications companies like Primus and MetroPCS. Some lenders and insurance providers, like State Farm Insurance and USAA, are also charging customers for monthly paper statements. Credit card issuers like American Express are adding paper fees to merchant accounts, and online services that initially

mailed statements, like NetBank and Ameritrade, have begun charging for them.

These companies say consumers should be ready and even eager to go paperless because Internet transactions have become more secure, familiar and accessible.

Some consumers argue that charging for paper bills punishes people who are not comfortable handling their finances online. Not everyone owns a computer or has a fast Internet connection. About 60 percent of American households have a computer at home and Internet access. Though many more people can use a computer with a fast link at the office, some say they are uncomfortable transmitting sensitive financial information while on the job.

Long-distance and wireless businesses, suffering from the poor economy and the telecommunications industry's troubles, appear eager to cut off paper. MetroPCS, which offers wireless service in a handful of cities, and Primus, the telecommunications provider, each started charging customers \$2 a month this year for mailed bills. Primus said 22,000, or 14 percent, of its customers now view and pay their bills online.

"It's time to change, to educate our customer base to get them to move with the times," said Ann Martin, Primus's director of North American sales and operations. "In order to save costs to the level that the consumers expect, these are the steps to take."

Companies say that they need to cut costs and that consumers need to adapt. Many corporations invested heavily in the online billing programs, which

allow their customers to save on postage and paperwork. It seems only fair, some businesses say, to bill online to help themselves as well. A number of studies and surveys show that the average company saves about \$1 a bill by moving from a paper-based system to an electronic system. ♦



Key to online success: humanize the experience

A Stanford University study of financial institution web sites shows consumers generally don't know what to do, how to do it, or what to expect when visiting these sites, says Dr. Clifford Nass. Further, consumers don't want to complete the process, and the web site damages consumers' positive feelings about their financial institution. Social intelligence is the key to addressing these issues, says Nass.

Nass is co-author of "The Media Equation: How People Treat Computers, Television, and New Media like Real People and Places."

Previous research indicates that people with high social intelligence are more successful in business than those with high IQs, Nass notes. Humanizing the online experience means making it more conversational than transactional, he says. It also means:

- conforming to social rules and expectations online;
- deploying a socially intelligent interface on your site (for example, creating characters that interact in a socially intelligent way with consumers);
- integrating live help (chat, e-mail links) into web processes.

"Social responses to online transactions occur because the human brain is not built for 21st century media. Media interactions are guided by brain stems developed for other purposes such as communicating with other humans to survive," Nass says. He concedes that online media can't exactly replicate human interactions, "but close counts," research found.

Companies are beginning to apply these concepts online. The stored value card program from First Data Resources, Omaha, Neb., uses the socially intelligent interface (a branded, virtual assistant) on each client web site to offer interactive guidance plus escalation to live help that's seamless to the consumer, says Grant Rogers, First Data's vice president of business development and sales. Everything the assistant "says" is carefully scripted—both words and gestures.

The technology behind the virtual assistant is from Finali Corp., Westminster, Colo. "This is part of your next-generation call center," explains Bob Burgin, Finali's CEO. ♦

New company organizes Internet

A new California software company has introduced a product intended to allow personal-computer users to visually make sense of collections of hundreds of thousands of text documents. For anybody who searches the web frequently for specific information, the new software called Grokker is a revelation. It is attracting significant interest from large corporations and universities, according to the *New York Times* (October 27).

The start-up company, Groxis (pronounced GRAHK-sis), is trying to solve a problem that is growing exponentially with the explosion of electronic information on the Internet. "The computer world has been alphanumeric, but we perceive things visually," says James Hawken, Groxis CEO. Most web surfers go no further than the first page of document titles in searching for information. While that may be appropriate for some searches, other queries may leave web sites of interest deeply buried by search engines.

The popular search engine Google uses ranking techniques to sort through thousands of possible web pages, displaying what are often the most desirable pages first.

In contrast, Grokker speeds searching by eliminating the need to scroll through page after page of search results. It builds a visual map of the general categories into which documents fall by using what computer software designers call metadata, which describes each web page or document. The program currently works with the Northern Light search engine, the Amazon online catalog, and as a tool for scanning a user's own PC file collection.

The basic ideas underlying the Groxis technology were developed by Jean-Michel Decombe, a French computer researcher.

Decombe argues that Grokker is a more universal approach to the problem of visualizing textual information than previous tools, which focus more on navigation than on categorization. ♦

Grokker is offered in versions that include a basic low-cost program. For more information, visit the Groxis web site at www.groxis.com

WHITE PAPER SUMMARIES

Online services provide opportunity

Maximizing Internet Penetration
by Darla Dernovsek

Credit unions that successfully persuade members to use online services rarely talk about web-based banking simply as a means to *survive*. For these credit unions, online services are a huge opportunity to *thrive*.

These leaders recognize the role of online services in providing cost-effective transactions while expanding member access to services. They also see the potential for online services to nurture a richer relationship with members.

Credit unions typically maximize Internet penetration by addressing three challenges:

- Persuading members to use online services to access account information and perform basic transactions. Design, promotion, and education are vital components in introducing web-based services to members.
- Getting members to use home banking services. Online bill payment and account aggregation are sometimes offered to persuade members to regularly access web-based services.
- Creating an ongoing exchange of meaningful information online. Web site personalization and targeted e-mail marketing tailor the web experience to member needs.
- When all three challenges are met, credit unions are retaining online members, creating a conduit for cross-selling products, improving member profitability, and building deeper relationships with lasting benefits. ♦

Self-service channels meet member needs
Members & Technology: Increasing Usage without Sacrificing Services
by Darla Dernovsek

When self-service technology is done right, it offers significant rewards for members and credit unions alike. By designing these self-service channels around member needs, credit unions are increasing the quality of the member experience while reducing its cost.

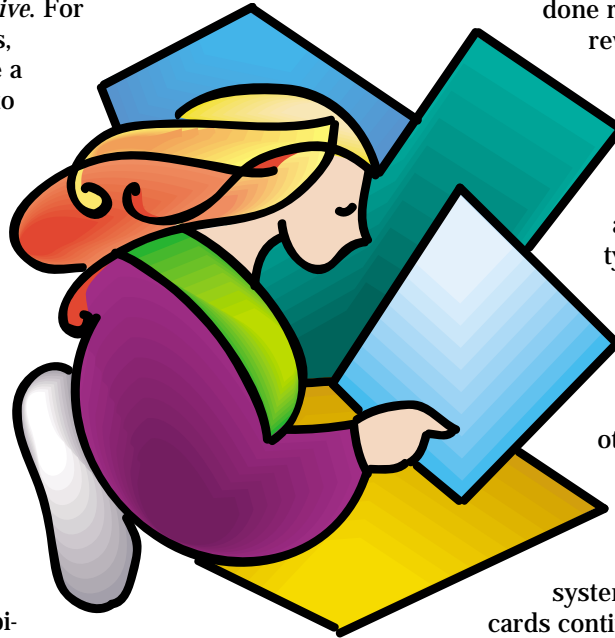
While web-based services often garner the most attention, other self-service channels continue to play major roles in meeting member needs: Interactive telephone systems, ATMs, and debit cards continue to change the way

members interact with credit unions. Other options include high-tech branches, kiosks, and wireless services.

The design and development of these technology channels plays a vital role in determining whether members will use them. Credit unions often rely on member input to develop user-intuitive channels that make it easy for members to serve themselves.

Pennsylvania State Employees Credit Union and Stanford Federal Credit Union have emerged as leaders in transitioning to self-service channels, with a major impact on growth and development.

Most credit unions continue to combine “click and mortar” to reach members. Yet whether a credit union emphasizes the “clicks” or the “mortar” part of the equation, technology is likely to play a crucial role in meeting member needs. Credit unions committed to introducing members to self-service channels say they are developing the technology required to remain competitive in the years ahead. ♦



WELCOME NEW MEMBERS

CUNA Technology Council adds members

The CUNA Technology Council has added a total of fifty-eight new members. By joining their colleagues on the council, these individuals have demonstrated their commitment to developing superior skills. In addition, they join others in networking for the free exchange of ideas and improving the overall effectiveness of their credit union's IT operations.

Kristi Arrington
Georgia CU Affiliates
Duluth, GA

Michael Bagwell
Evergreen Postal ECU
Shoreline, WA

John Barclay
Georgia Power FCU
Atlanta, GA

Teri Barnes
Blackhawk CU
Janesville, WI

John Barnfather
Cal Tech EFCU
La Canada, CA

Grant Barry
Municipal CU
New York, NY

Laura Bohlander
Georgia DPS CU
Atlanta, GA

Karyl Boyd
Richs ECU
Atlanta, GA

James Burke-Frazier
Oregon TCCU
Portland, OR

Val Clough
State ECU
Santa Fe, NM

Joe Coates
Eastman CU
Kingsport, TN

Vickie Conkle
Huntsman FCU
Port Neches, TX

Russ Dalke
Mazuma CU
Kansas City, MO

Howard Dencker
Texas Dow ECU
Lake Jackson, TX

Judy Denson
Texas Dow ECU
Lake Jackson, TX

Steve Devoti
CUNA Mutual Insurance
Madison, WI

Michelle Diaz
Power 1 CU
Hialeah, FL

Darrell Dinsmore
Eastman CU,
Kingsport, TN

Eileen Donovan
Bragg Mutual FCU
Fayetteville, NC

Tammie England
Pinnacle CU
Duluth, GA

James Fisher
Valley CU
San Jose, CA

Amanda Graham
Anderson FCU
Anderson, SC

Paul Guagliardo
First Northern CU
Chicago, IL

David Hanighen
Orange County TFCU
Santa Ana, CA

John Herrington
Clackamas FCU
Oregon City, OR

Jason Hirl
Honeywell FCU
Minneapolis, MN

Kent Hodson
CU One
Sandy, UT

Sharon Hollis
Ethicon CU
Cornelia, GA

Mary Johnson
Concord Diablo FCU
Concord, CA

Meredith Jolly
Schools Financial CU
Sacramento, CA

Jim Kearney
U of Iowa CCU
Iowa City, IA



Donna Kelley
CUNA Mutual Insurance
Kalamazoo, MI

Billie Kizziar
Otero FCU
Alamogordo, NM

Kevin Knope
CUNA & Affiliates
Madison, WI

David Knox
Hercules Brunswick FCU
Brunswick, GA

Bill Kummer
CUNA CU
Madison, WI

Karl Mann
Associated CU
Norcross, GA

Chris Marshall
Ent FCU
Colorado Springs, CO

Gene Massey
Maco Educators FCU
Woodstock, GA

Jonathan Matthews
Southwest RC FCU
San Antonio, TX

Karen McClain
Aerospace FCU
Los Angeles, CA

Deborah Messersmith
Virginia CU, Inc.
Richmond, VA

Mark Michaels
Redwood CU
Santa Rosa, CA

Sandi Plinke
Ohio University ECU Inc
Athens, OH

Sue Randall
Safe 1 CU
Bakersfield, CA

Morris Rivers
Atlanta City ECU
Atlanta, GA

Wendy Rohrbacker
Forest Products FCU
Klamath Falls, OR

Dan Rotert
CUNA Mutual Mortgage
Madison, WI

Tammy Schemstad
Industrial CU
Bellingham, WA

Steven Shaw
Twin County CU
Olympia, WA

Tom Shipe
Sun Country CU
Sun City West, AZ

Bill Slade
Pawtucket CU
Pawtucket, RI

Danny Smith
Delta ECU
Atlanta, GA

Robin Taylor
Silver State Schools CU
Las Vegas, NV

Gloria Thomson
Kemba Indianapolis CU
Indianapolis, IN

Lisa Thurmond
Georgia Power NCU
Athens, GA

Kevin Unger
Bucks County Schools FCU
Bristol, PA

Bonnie Wilkins
South Dekalb Church FCU
Decatur, GA



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