

Online and Mobile Banking – Using Digital Technology to Create Value for Members

Credit unions of all sizes must encourage digital propensity, so that their investments in digital actually show a return. To do that you need member insight like never before and you need to have your channels optimized accordingly. This requires effective analytics. Once in place, business processes can start to be dematerialized, meaning taking out the paper, eliminating pass-offs, and decreasing human involvement. Processes from front to back office become much more straight-through. Member satisfaction increases with a decrease in error rates improving net promoter score. Digital self-service continues to increase.

Credit unions must continue to focus improving member service; this above and beyond any cutting-edge digital initiatives costing millions. This means however that there needs to be a convergence of member experience across the various channels on which your members interact. A surprising amount of good can come from common sense initiatives that understand what functionality makes sense to deliver across the different channels and form factors. There are a couple of studies out highly correlating consumer attrition to their perceived effort in completing every day transactions. Take what you have and get it right, including functionally and increasing overall usability. This particularly applies to the web, secondly the IVR and call center, and of course your mobile applications. Before launching any new cutting edge features get the above as close to perfect as possible and don't forget the branch experience.

You also need to completely understand what your members are already doing in the channels. So many FI's are unaware of pain points in their web design that create service issues and impairment aka digital leakage. There are a number of monitoring tools out there that can illustrate this and the more advanced can take data from all channels, marry the data together and create an entire member journey map. In order to increase digital adoption and digital self-service you need to remediate those areas that are substandard now.

On the marketing side, there are some killer tools that can take consumer insight and create a next best offer in real time (a subset of next best action). The more advanced allow for dynamic placement across channels, even external channels such as websites that your member may be browsing. The good news with these as they are bolt-on functionality for the most part that do not require re-architecting your entire platform.

In terms of mobile payments for small FIs, I would recommend a little caution here. It seems like every month there is another mobile wallet out there competing for both member and merchant acceptance. Tying up with an initiative requiring NFC can be difficult due to the mobile providers competing interests. Initiatives that seek to bypass acquirers have been very problematic.

Having said that, Apple Pay has surmounted the first and avoided the second issues while at the same time increasing security over a standard plastic card. With EMV requirements necessitating a tremendous increase in NFC equipped terminals, this creates fertile ground for wider Apple Pay adoption. Depending on your market demographics, I would carefully evaluate Apple Pay.

Person-to-person digital payment initiatives are also increasing in popularity. Have a good look at providing this functionality through your digital channels, a least for your own members.



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Steven DeLaCastro leads Cognizant's Banking and Financial Services Business Unit's global "Bank of Tomorrow ... Today" digital banking program. With a wealth of expertise in bank technology and operations, software, services and consulting, Steven has held the titles of Chief Information Officer, Chief Operating Officer, Senior Vice President, Managing Director, General Manager, EMEA Sales Director, Regional Country Manager, Partner and Managing Partner. Steven holds an M.B.A. and a BSc. in Business Administration with concentrations in operations, finance and psychology.

