

*Disruption in  
banking*  
**Who will be your  
Uber?**



# About Tim Harrington, CPA

29 years credit union experience

36 years business/consulting  
experience

Consulted on over 1,500 credit  
union projects

A regular speaker at CUNA and  
League Conferences, speaking  
at over 1,500 events

Former Chairman of the Board of  
successful \$150 million dollar  
credit union

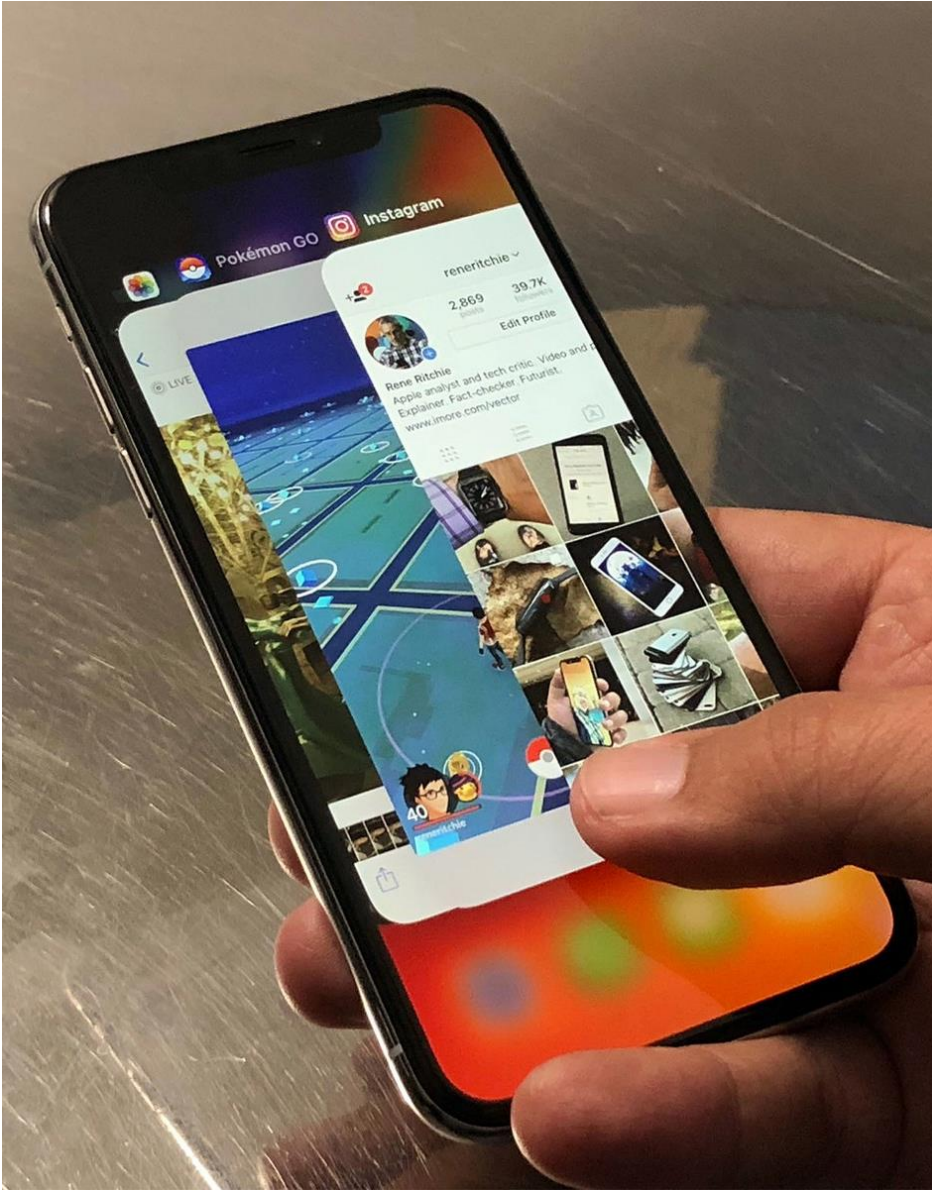




U B E R

- Started in 2009, Now world's largest taxi company
- Taxi drivers earnings cut in 1/2
- Taxies forced to improve or fail
- Meets consumer need for:
  - Easy ordering, Fast service, Transparent Delivery, Transparent Pricing
- Designed for **digital world**

these have changed everything



# what have smartphones replaced?



what have smartphones  
replaced?





“We need banking but we don’t need banks.”

*Bill Gates*





# uberization: digital disruption is happening all around us

**Lending (274 Companies)**

**Personal Finance (133 Companies)**

**Payments (268 Companies)**

**Retail Investments (94 Companies)**

## FinTech 1094 Companies

Contact  
[info@venturescanner.com](mailto:info@venturescanner.com)  
to see all companies

**Institutional Investments (58 Companies)**

**Equity Financing (120)**

**Remittances (40)**

**Business Tools (83)**

**Crowd-Funding (53)**

**Consumer Banking (29)**

**Financial Research (31)**

**Banking Infrastructure (83)**

uberization: digital disruption is happening all around us

 **LendingClub**

**zelle**<sup>®</sup>



**Funding Circle**

 **TransferWise**

**venmo**

**Rate%Setter**<sup>™</sup>

 **Square**



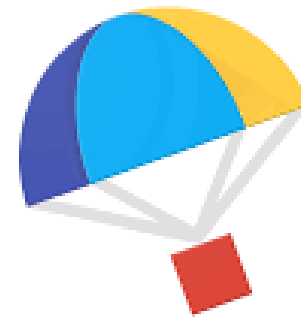
**Google**  
wallet

**Blockchain Technology**

the disruptors' advantage

No  
Branches

# who is defining our market?



Google Express

# do you want to copy Amazon?

**No!**

They sell products

You sell relationships  
and the difference is  
crucial



# who cares about digital?

## **Millennials...**

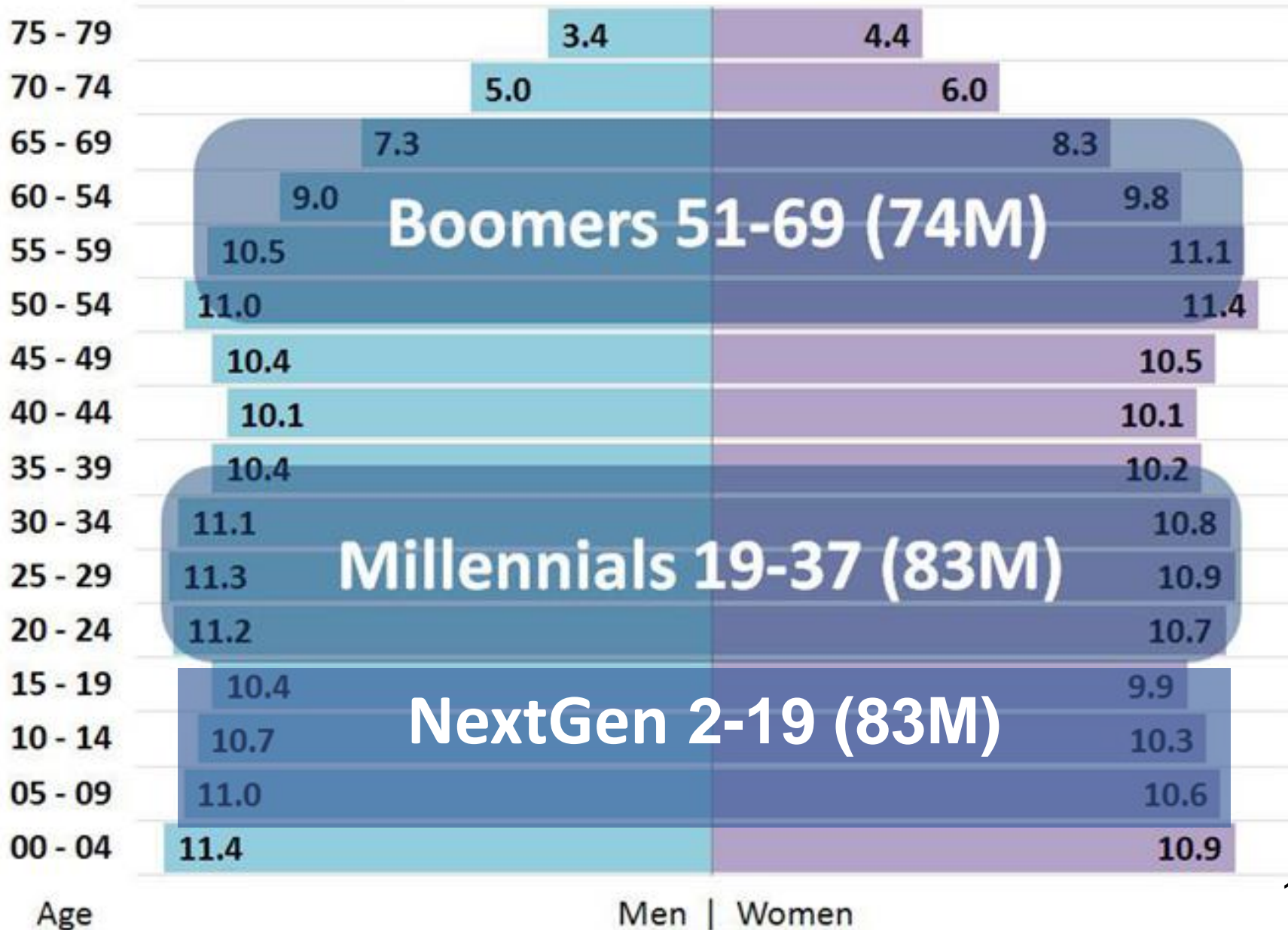
They make up  
44% of workforce

## **Gen Z....**

They were born  
with digital

**Baby Boomers?** 15% of  
workforce and falling  
fast





*“The generation coming of age today might not see a need for a traditional bank at all, just as they don’t see any reason to have a landline, send letters or buy newspapers.”*

James Haycock  
author of “Bye Bye Banks?”



*“Digital banking is no longer trendy. It has instead become the modus operandi for the modern financial services market.”*

Jess Morley,  
Mapa Digital Competitor Intelligence

what percentage of your members use branches?

what percentage of your costs are devoted to serving those members?

Some credit unions spend 75% of their costs on their branches, which serve their lowest **contributing** member



# expense redistribution

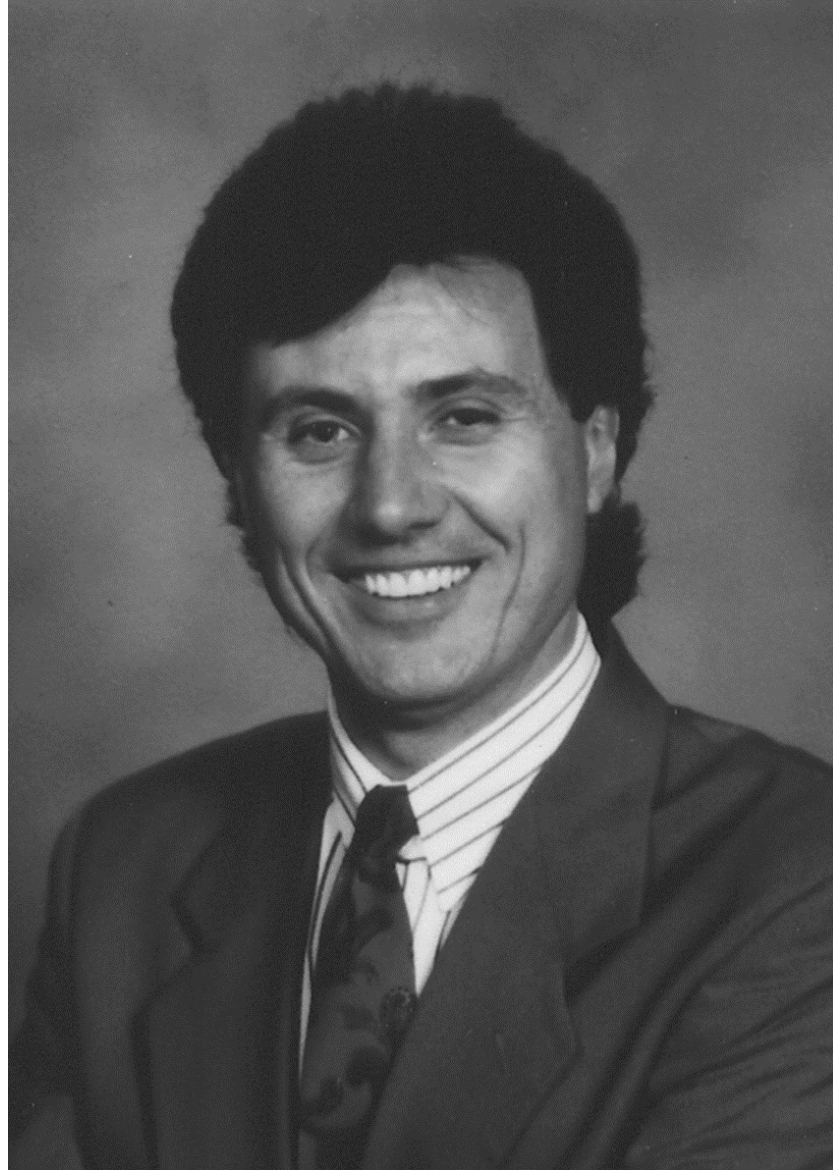
1. Where will future dollar outlays be most effective for the credit union's long-term benefit?
2. Where should dollars be cut from so that we can afford No. 1?

# what would happen...?

if you redeployed 40% of your workforce and 30% of your Compensation **from Teller Services** to:

- Seamless Technology
  - App development and fine tuning
  - Programming
  - Prototyping
- Sales and Advisory Service in branches and in Contact Center
- Marketing and Advertising

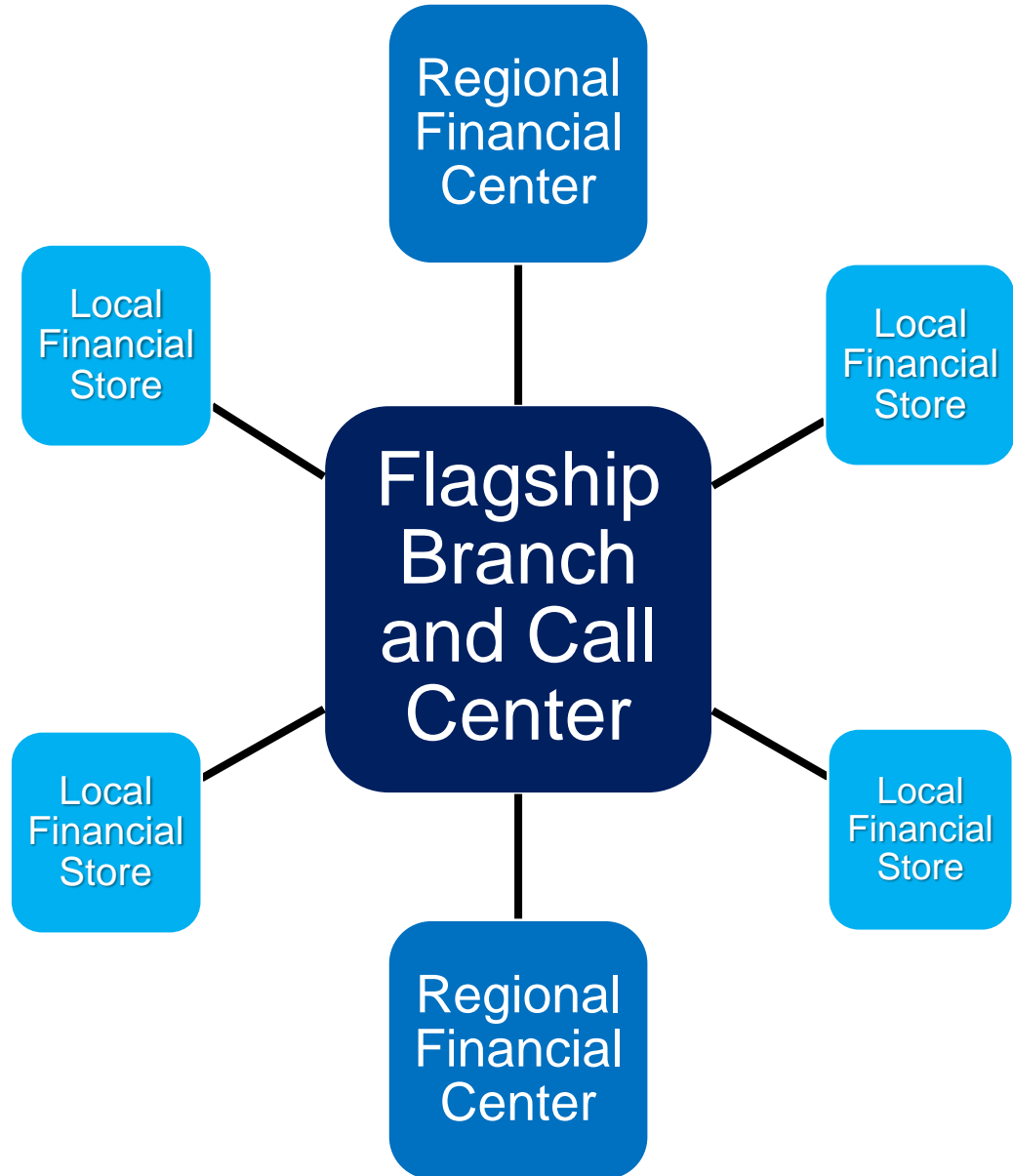
can we reinvent ourselves?



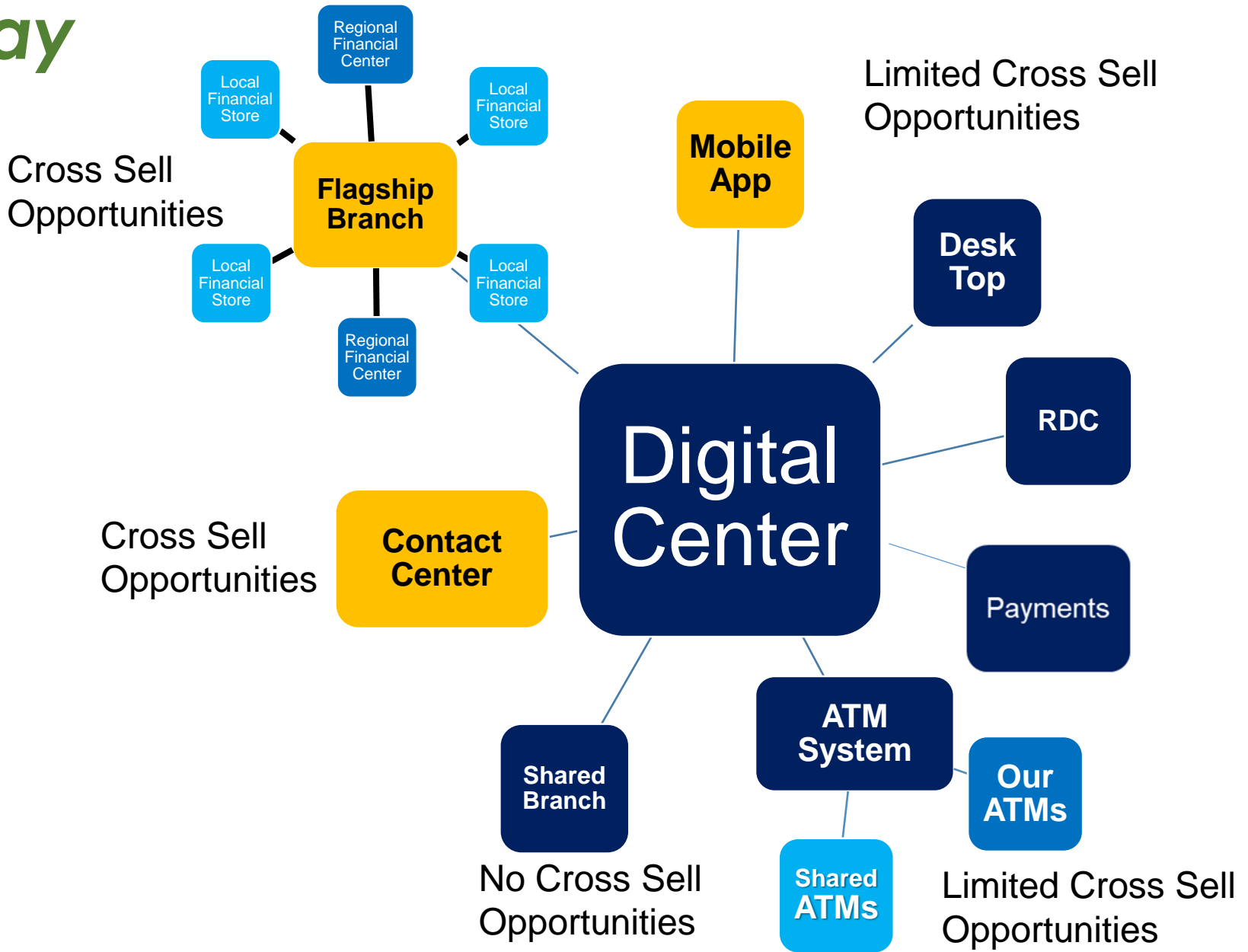
# can we reinvent retail delivery?



branch Hub  
and spoke is  
changing  
*Yesterday...*

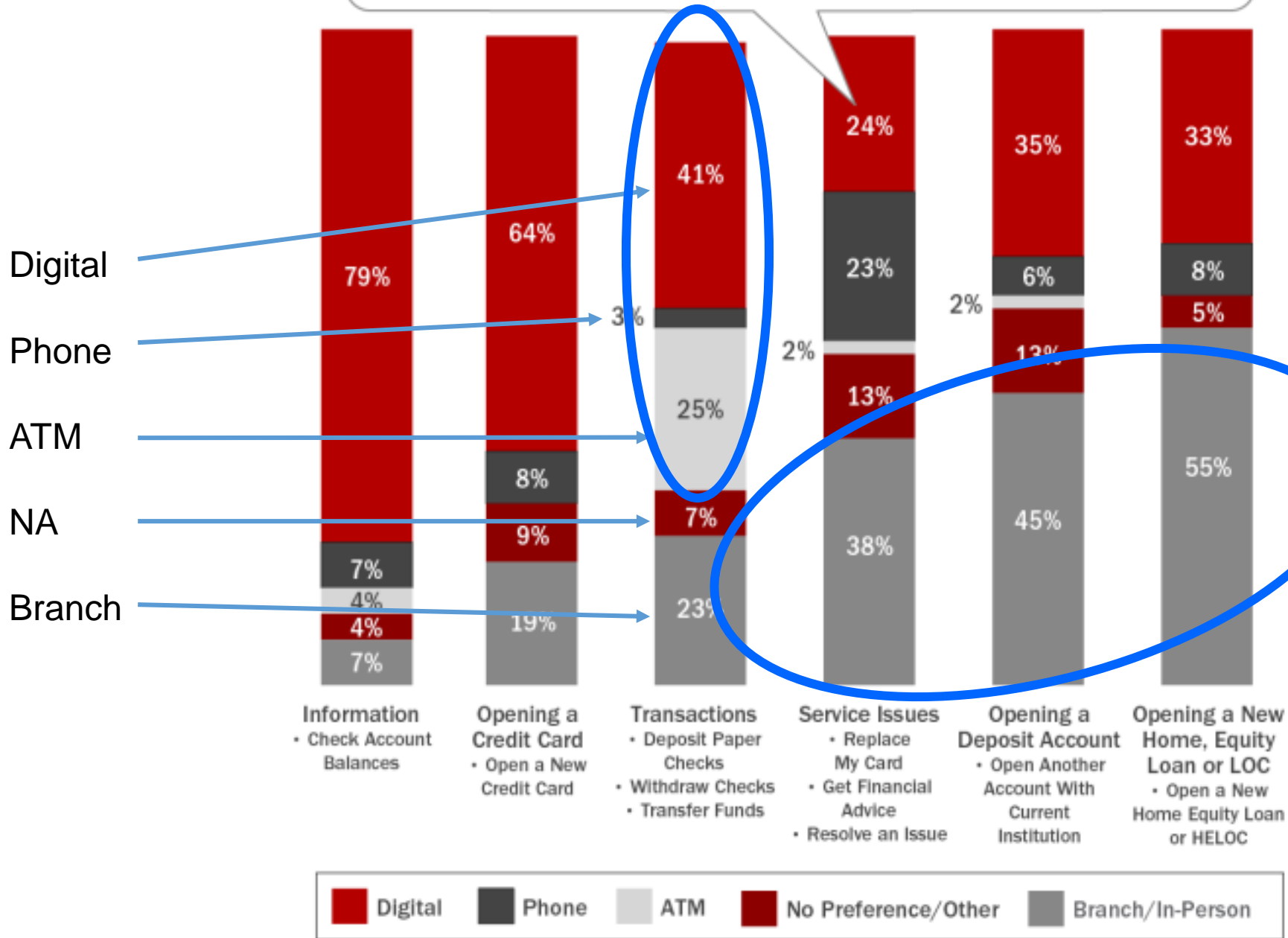


# Today





# Preferred channel by transaction type



Source: Novantus © June 2015 Digital Banking Report

# changing needs

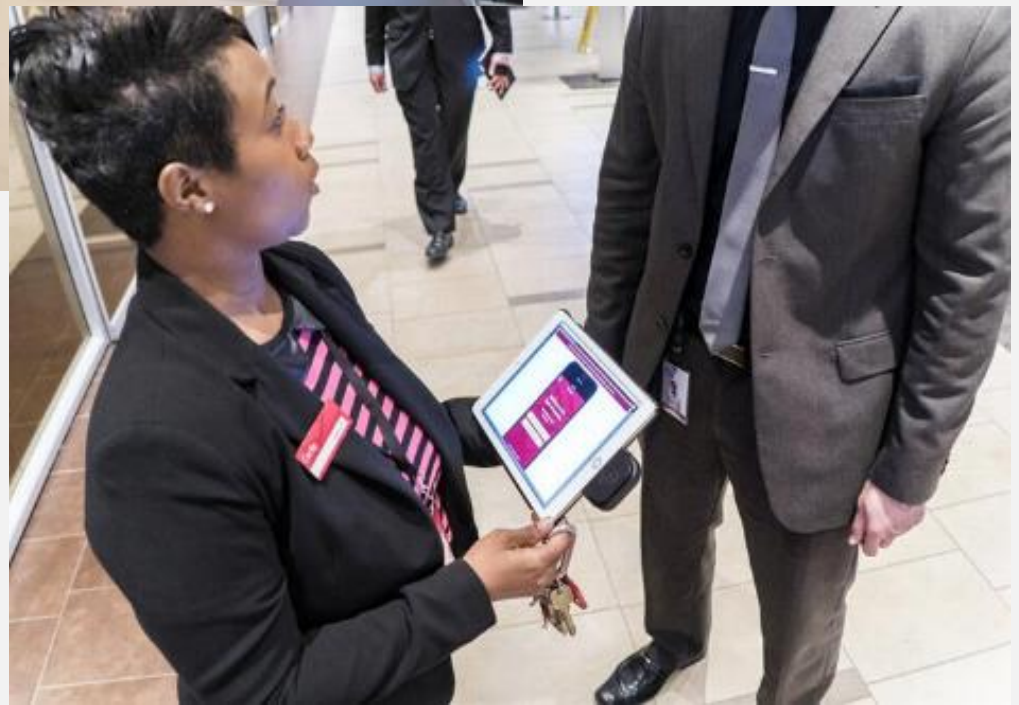
*Bank of America has converted about 9,000 tellers to “relationship bankers” who can direct customers to high-tech ATMs or show them how to deposit a check via smartphone*

Wall Street Journal

# B of A Digital and Branch Strategy

*“Overall branch volume is down by roughly 25%, but there’s ‘good volume’ and ‘not-so-good volume’”. Good volume consists of visits that can lead to sales, rather than transactional volume. That “good volume” is up 70%.”*

Dan Athanasia  
VP Consumer Division  
Bank of America



# changing needs

*Digital technologies will  
accelerate branch  
transformation BUT not make  
them extinct*

CapGemini

Future of Banking Whitepaper



**Capital One**<sup>SM</sup>



**Capital One**<sup>SM</sup>







# Compass



INTERAUP

© 2015 BBVA



**CheBanca!**  
Gruppo Mediobanca  
Italy





**Manchester Building Society:** Four distinct service zones: Conversation, Convenience, Community and Consultation.



# Umpqua Bank: Part Café, Part Bank, Part Technology Bar







South Africa

CAPITEC





people's  
**choice**  
CREDIT UNION

Australia





**For people,  
not for profit.**

meet...



**cua**<sup>TM</sup> Australia  
A change for the better

*“Make branches integral to cross-channel sales... or shut them down!”*

*Ron Shevlin  
Director of Research at Cornerstone Advisors*

# branches are moving from *TRANSACTIONS* to *INTERACTIONS*

*“Staff competency and training will be top notch. Fewer employees will be “entry level”. More will have a breadth of skills and knowledge base that they bring to bear on their customer’s issues.”*

John Hyche  
SVP at LEVEL5

# value of branches

## Short term value

- Cash transactions
  - Traditional customers who are not ready for digital
    - Some Boomers
    - But some Millennials too
- Relationship building with members
  - Cross sales, etc.
- Billboard...showing the flag

# value of branches

## Long term value

- Simple, user intuitive experience
  - Brand
  - Electronic products
  - Other products
- Increase meaningful conversations and valued relationships
- Show the unique story of your brand and your solutions (WIIFM)
- A meaningful culture: attract and build talented teams

# move from call center to contact center





# move from call center to contact center

- Millennials and NextGens don't CALL
  - Chat
  - Text
  - Chatbots

three key  
channels  
in  
contact  
center

Need not be  
separate...  
but must be  
efficient



# ideas

## **Automate as much as possible**

- a. On-line new account opening
- b. On-line additional account opening
- c. On-line loan application
- d. Peer-to-peer payments and transfers
- e. On-line appointment scheduling

# on-line loan applications

## Should it be easier for the member?

## Or for the credit union?

**FORM-A (PERSONAL DETAILS)**  APPLICANT  CO - APPLICANT  GUARANTOR

Name  Gender  M  F

Salutation  Mr  Mrs  Ms  Dr.  Other  Date of Birth

Marital Status  Married  Unmarried  Other Name of Spouse

No. of Dependents  No. of Children  Name of Father

Mother's Maiden Name  Category  SC  ST  OBC  General

Nationality  Residential Status  Resident  NRI / PIO Religion

Place of Birth  Photo Identification (ID): Type

Photo Identification (ID): Number  Photo ID: Valid Upto

Driving Licence No.  Driving Licence Valid Upto

PAN No./GIR No.  Passport No.  Passport Valid Upto

Highest Qualification Attained  Qualifying Year

**Present Address:** Staying at the present address for the past \_\_\_\_\_ Years and \_\_\_\_\_ Months. **Residential Address**

House /Flat / Apartment No. or Name

Street Name & No. and Area/Location

Landmark

City  District  Pin Code

State  Country

Telephone (Landline)  Mobile (Primary)  Mobile (Secondary)

Email (Personal)

**Permanent Address:** Is permanent address same as present address ?  Yes  No (To be filled if permanent address is different from present address)

House /Flat / Apartment No. or Name

Street Name & No. and Area/Location

Landmark

City  District  Pin Code

State  Country

Telephone (Landline 1)  Telephone (Landline 2)

**Office / Business Address:** **Office / Business Address**

Name of Org/Employer, Dept. & Floor

Street Name & No. and Area/Location

Landmark

City  District  Pin Code

State  Country

Telephone (Landline)  Fax  Mobile (Secondary)

Email (Organizational)

Repayment Mode  Check-off  ECS (Electronic Clearing System)  PDCs (Post Dated Cheques)  SI (Standing Instruction)  Others

Relationship with the Bank  Less than 1 year  1 - 3 years  More than 3 years

References (Names and addresses of two referees who are not related to you):

State Bank of India may make enquiries from the referees if it deems necessary.	Name: <input type="text"/>	Name: <input type="text"/>
	Address: <input type="text"/>	Address: <input type="text"/>
	Email: <input type="text"/>	Email: <input type="text"/>
	Tel: <input type="text"/> Mob: <input type="text"/>	Tel: <input type="text"/> Mob: <input type="text"/>

Attach your recent passport size photograph here

Please sign here

# but...40% of on-line loan applications abandoned

## Reasons why banking consumers abandoned an online application

It took too long to complete

15%

Too much personal information was required

13%

I changed my mind

12%

I needed to go to a branch or send personal info through the mail

9%

The language used was too confusing

4%

# effective on-line loan application

Name	<input type="text"/>
Address	<input type="text"/>
Date of Birth	<input type="text"/>
Social Security	<input type="text"/>
Monthly Income	<input type="text"/>
Purpose	<input type="text"/>

**What more do you need to “APPROVE”  
a loan application?**

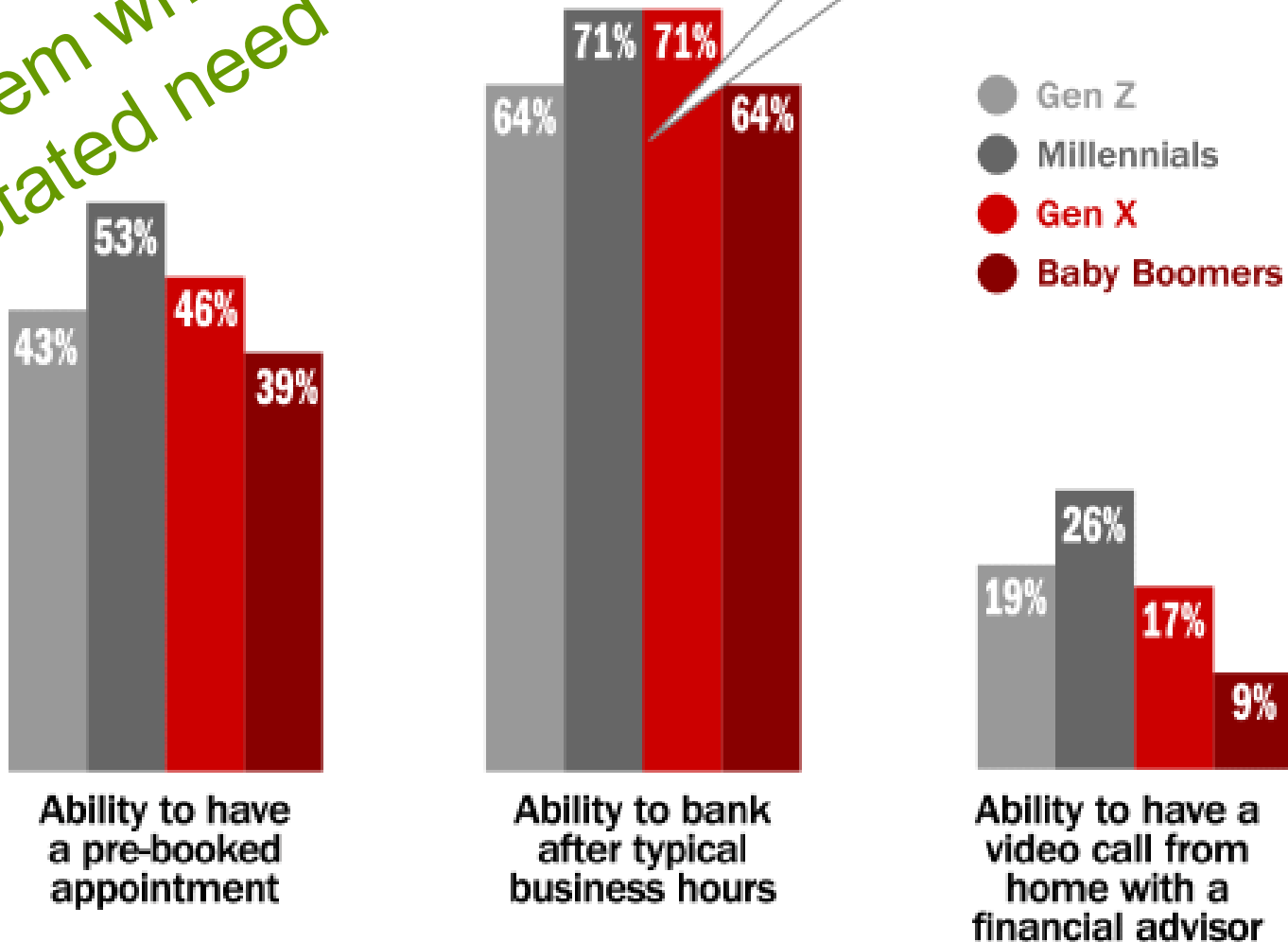
# frictionless on-line loan application

Organizations need to avoid digitizing current inefficient legacy processes. Organizations that don't change underlying loan culture, processes, and technology will not succeed in the long term.



# Service enhancements consumers say they would like from their banking providers

Meet them where their stated need is



Source: TimeTrade © April 2016 The Financial Brand



ask constantly:

“What will make people  
drive past three other FIs  
to come to us?”

# become your own disruptor

Create a cross-departmental innovation and disruption team

- Focus on the users' experience
  - Keep users in the loop, maybe on team
- Define users' problems
- Use prototypes to explore potential solutions
- Elicit executive support on an on-going basis
- Tolerate failure: It's Feedback, Not Failure
- Exhibit thoughtful restraint

Harvard Business Review

# kill the company

Study what it would take for a competitor or a market change to Kill your company

- Then start the process of fixing it

# whatever you do...

1. Make it simple
2. Make it fast
3. Make it easy
4. Make it common sense
5. Listen to the end user

Change is not necessary...

Survival is not mandatory



**TIM** Transform Inspire Motivate

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