

Online Banking.... Embraced by Members - The Next Steps

Although laptops have seemingly replaced newspapers at coffee shops, and cell phones and PDAs are standard fare, online banking has yet to penetrate beyond 50 percent household usage. According to the Tower Group, by 2010, the use of online banking will grow to 50 million a year, with retail members alone conducting nearly 60 billion self-service transactions annually. How do we get from point A to point B? Through an expanded, comprehensive online offering and a strategy for aggressively addressing the biggest concerns among members today: security and convenience.

To keep members safe, credit unions must look for online solutions with a multi-factor authentication process built in matching something the account holder would know – like a PIN or user name -- with something only the server knows, like a security key image to finalize the two-way handshake.

One of the questions that will need to be answered, in order to fulfill the 50 million user prophecy, is, "How do we make mobile banking convenient for the Gen-X and Y constituencies that insist on using their phones for access, but who refuse to talk to their credit union?" The answer lies in the presentation of web content and the delivery of effective, but non-intrusive, security to mobile devices.

The primary reason many members engage in online banking is to manage their bank account. That's why it's essential for credit unions to expand their offering to include cash management and wealth management options. When the member logs-in, he or she wants to see their entire financial picture. It has to be easy, accurate and complete. To compete with investment management companies, a credit union has to offer the same type of online options – including tools to alert users to predetermined account activity or to track portfolio performance. As the credit union introduces new products and services, it has to be flexible enough to translate these to the online environment. For that reason, credit unions are turning to software architectures that offer the scalability and flexibility they need.

Today's members don't want limitations on what they can do online, nor do they want to be tied to a PC to conduct their online banking. These mobile time managers want to access their information the same way they get their flight information and email – through a mobile device.

Online banking will continue to be the preferred channel for Generation Y and Z. They expect a full complement of services accessible online, personalization options and immediate response on everything without ever speaking to a live person. The good news is credit unions have a significant opportunity to build relationships with this market segment. This group is the dominant user of social networking – from the MySpace phenomenon to chat rooms and cyber cafes. Online banking gives institutions the opportunity to reach this audience through one-on-one relationship marketing – providing advice, special offers and resources – as well as bundles of products that match each individual's unique needs. The Y-ers and Z-ers are used to buying, troubleshooting and meeting online. By using business intelligence and a marketing approach that caters to the way this group communicates, a credit union can capture and retain this business.

Credit unions are known for service. While, to some members, that means a personal interaction, to others it means enabling them to bank the way they want, any time they want, with the same mix of products and the same type of personalized experience they'd get by going into a branch. A robust online banking offering eliminates geographic boundaries. On the simplest level, a comprehensive, real time program with customization options, such as those within the UltraData® Enterprise Internet Banking solution, can enable credit unions to retain high-value members. Credit unions who offer that in a secure environment, with the flexibility to support a variety of mobile devices, are the ones that will capture market share, tomorrow.



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Niles Bay is Vice President of Product Development for Harland Financial Solutions. With over 21 years of software development experience, 14 within the financial institutions industries, he has led development efforts for the credit union core systems group of Harland Financial Solutions for four years. Previously he held technical and executive positions at Intel, Electronic Data Systems, and Metavante. Harland Financial Solutions is a wholly-owned subsidiary of Harland Clarke Holdings Corp. and M & F Worldwide Corp (NYSE: MFW). The company supplies software and services to thousands of financial institutions of all sizes, offering its solutions in both an in-house and service bureau environment. It is a leader in core systems, item processing, enterprise content management, branch automation, customer relationship management, business intelligence, origination and document solutions, risk management, compliance training, financial accounting, open documents, mortgage solutions, electronic funds transfer (EFT), self service solutions and performance advisory services.

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