

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

The online banking channel is certainly mature at this point because consumers love the convenience of checking their balances, transferring money, paying bills, applying for loans and all of the other functionality that Internet banking delivers. Yet the adoption rates are starting to top out, at least on the retail side. Consumer penetration levels will continue to inch up, but I don't foresee any major advances.

However, there is still a lot of room for growth on the business side of online banking. More businesses – especially smaller ones – are starting to see the advantages of online banking for managing their cash flow, handling wire transfers, invoicing, paying bills, etc. An even bigger growth area will be in remote deposit capture and all of the back office conversion efforts that are just starting to get underway.

While online banking has been extremely successful for all of our clients, it has not really reduced usage in the other channels - the branch, call center, ATM and telephone banking. More complex issues usually demand a branch visit, while picking up the phone and using the IVR is still one the easiest ways to check balances and move money. With streamlined menus and processes in place, along with newer voice response systems, telephone banking remains very popular.

Of course, mobile banking is a hot topic right now. We see mobile banking and payments as supplemental to online banking – again it won't displace any usage of that channel or any other channel. As functionality and bandwidth increase, you will see some of the same growth rates that online banking has experienced in the past few years. There will be a relatively quick up tick of adoption rates, especially among younger consumers, and then it will hit a plateau.

Regardless of the channel, credit unions need to have a complete view of their members at all times. The fully relational database in our core system allows our credit union clients to achieve this goal. Whether it is online or in person, our enabling platform is the key to tracking understanding and personalizing every interaction.



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Michael D. Nicastro is Senior Vice President and Chief Marketing Officer at Open Solutions Inc. Open Solutions offers a fully featured strategic product platform that integrates core data processing applications, built on a single centralized Oracle relational database, with Internet banking, cash management, electronic commerce, imaging, financial accounting and loan origination solutions. Open Solutions' full suite of products and services is designed to allow credit unions to better compete in today's aggressive financial services marketplace, expand and tap their trusted financial relationships, member affinity, community presence and personalized service.