

## BUILDING LOYALTY & MARKET SHARE THROUGH ENHANCED ONLINE SERVICES

With adoption of online banking growing year after year, online bankers now represent the mainstream. Now the goal for credit unions is to transform these enrolled users into profitable members. This entails getting them to use the online bill payment services credit unions already offer and rolling out new services.

Even though bill pay may seem old hat, it really does make members more profitable, but less than half of online bankers are using it. Credit unions must get onboard with free bill pay and focus their efforts on cross selling bill pay to both their new members and existing online bankers.

Even as credit unions work on making existing online bankers more profitable, they should also address the barriers to adopting online banking in the first place. The biggest of these barriers is security. It is essential that credit unions build a platform of trust - one that is based on two basic tenets: education and guarantees. At a minimum 128 bit encryption and strong passwords must be enforced, and a concerted effort made to continually educate the public about the dangers of phishing, pharming, keystroke loggers, etc. As for guarantees, they must be rock solid and not couched in legalese. Again, this must be a two pronged approach since education without guarantees and vice versa just doesn't make sense.

In terms of new services, credit unions are unduly scared of Account to Account (A2A) transfers. A2A provides consumers with tremendous convenience. Refusing to offer outbound A2A in a bid to retain deposits will look silly when other FIs offer inbound A2A -- the member will be able to move their money just by going to the other FI's site and in the process they'll learn to think of the other FI as a more convenient place to manage their money. Credit unions that have mastered online banking basics should look to the next stage -- adding value by delivering financial reporting tools that help members analyze patterns and manage their finances. In the end, the most successful credit unions will be those that don't just report on a member's financial situation, but give them the information and tools to improve it.



**Chris Musto** is Vice President of Research for Watchfire GómezPro. Chris leads the Watchfire GómezPro research team and advises financial services firms on customer experience and strategies related to the effective delivery of Internet services. Mr. Musto came to Watchfire through an acquisition of the GómezPro benchmarking and website assessment services business unit. Watchfire helps companies manage their online business by measuring, managing, improving and securing their online channel. His areas of focus include best practices in Internet financial services, the convergence of banking and brokerage, and the integration of the Internet into an overall delivery strategy. He is frequently an expert source for leading media outlets such as CNBC, CNN, The Economist, Forbes, The Wall Street Journal, and USA Today.

