

Online and Mobile Banking – Digital Differentiation Strategies

How To: Measuring Your Position on the Digital Banking Spectrum

One of the trickiest parts of any discussion about digital banking is defining what the term actually means. As with every term over-used in the media, it probably means something different for you and your financial institution than it does for others. It is more than just online or mobile banking. It is not omni-channel banking, but it does enable it. It is not myriad mobile wallets and payment mechanisms, but clearly FIs want to be included in those discussions. So what does the digital banking spectrum look like?

The Digital Banking Landscape

At one end sits FIs that are product-centric. This group sees 'digital' as a channel to enable access to products and services they offer. For them, digital banking is a pull play, where capabilities the FI has created or enabled are made available for consumers to use if they choose. There is no real desire to engage in the digital sense, so this end of the spectrum is all about access.

At the other end are the FIs that are consumer-centric. They see 'digital' as a combination of information (that they know about the consumer); location (where the consumer is right now); context (the likely reason the consumer is contacting the FI); and action (that the FI can make available to resolve the consumer's need or want). These FIs make their products available within the company's other offerings, such as car loans within auto-buying apps. For this group, digital banking is a push play, where capabilities are made available within the consumer's normal life. There is a real desire to engage beyond the bounds of traditional banking. We should note, however, that as of the end of 2015, there are very few financial institutions at this end of the spectrum.

Measuring Your Position

Your financial institution is somewhere along this spectrum. How far along only matters when you compare that position with your stated strategy. Answer these 10 questions to help identify where you currently sit:

Question	Score System	Score
<p>Do you feel you have a consistent DEFINITION of what Digital Banking is within your organization?</p> <p>This can be anything from a better channel strategy to a completely new way of doing business.</p>	<p>Score 1 point for each 10% of your organization has a consistent definition. For example, if you think 30% are agreed your score is 3.</p>	

survey continues on Pages 2 - 4



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<p>Do you feel you have a consistent Digital Banking VISION for what you need to achieve?</p> <p>Your vision should combine ambition with a pragmatic perspective of what is possible and when, and be understood and preferably agreed upon by everyone.</p>	<p>Score 1 point for each 10% of your organization that has a consistent definition.</p>	
<p>Is reaching your Digital Banking Vision a PRIORITY for your organization?</p> <p>Is every department working towards the same goal, with the same sense of urgency?</p>	<ul style="list-style-type: none"> • Score 8-10 if appropriate budgets and resources have been allocated across all departments. • Score 5-7 if some budgets and resources have been allocated, and discussions are being held for additional needs. • Score 1-4 if funding and resourcing is haphazard at the moment. • Score 0 if budgets have not been allocated at all. 	
<p>Do you have a BUSINESS MODEL that shows (at any level) the anticipated changes to your institution should your digital strategy be fully implemented?</p> <p>This could mean a sophisticated model from data you have gathered, or a simple spreadsheet based on valid estimates. The key to success is tracking the estimates and adapting as you progress.</p>	<ul style="list-style-type: none"> • Score 8-10 if you have a model built and a plan to review against expectations as you go along. • Score 5-7 if you have a model but no plan to review as you go along. • Score 1-4 if there are a number of models that have been built, but they have not been combined at the organization level. • Score 0 if you have no real idea what the economic outcomes would be. 	
<p>Does your organization think of information as an ASSET?</p> <p>Organizations that think of data as an asset use it to spot and create opportunities.</p> <p>Organizations that don't think of data as an asset use it for reporting on the status quo.</p>	<ul style="list-style-type: none"> • Score 8-10 if you think your organization does use information as an asset. • Score 5-7 if there are at least some activities underway to use information as an asset. • Score 1-4 if there are plans for these activities. • Score 0 if there are not even any plans. 	

<p>Has your organization performed a BENCHMARK against your competition, or against the perceived best practices, from the Digital Banking perspective?</p>	<ul style="list-style-type: none"> • Score 8-10 if yes, and plans are being executed to meet or further your lead. • Score 5-7 if benchmarks have taken place. • Score 1-4 if there are plans for this activity. • Score 0 if there are not even any plans. 	
<p>Do you do any MEMBER JOURNEY PLANNING?</p> <p>Good Journey Planning helps you understand how members really interact with you, particularly when furnished with data as to which journeys are the most popular. This gives you the chance to spot opportunities to improve.</p>	<ul style="list-style-type: none"> • Score 8-10 if yes, and plans are being executed to make improvements. • Score 5-7 if the journeys have been measured. • Score 1-4 if there are plans for this activity. • Score 0 if there are not even any plans. 	
<p>Do you follow DESIGN THINKING principles?</p> <p>You might characterize Design Thinking as: Based on the needs of people and not on the needs of the systems, based on the changes technology is likely to bring and not just on what is available today, and based on solving a business problem that has considerable future value. Design Thinking includes human desirability, business viability and technical feasibility in its approach.</p>	<ul style="list-style-type: none"> • Score 8-10 if yes, all plans are made based on these ideas. • Score 5-7 if some feasibility is being undertaken. • Score 1-4 if there are plans for this activity. • Score 0 if there are not even any plans. 	
<p>Are you able to make real time offers to your members?</p> <p>If you have the right data about your members, you should be able to determine what offer or suggestion to make in the context of the member, such as when they are at a POS or an auto-dealer.</p>	<ul style="list-style-type: none"> • Score 8-10 if yes, this is in place today. • Score 5-7 if some capabilities are in place and there are plans for more. • Score 1-4 if there are plans for this activity. • Score 0 if there are not even any plans. 	

<p>Are you able to track the conversations your members are having in any channel?</p> <p>Most FIs are not able to reconcile all transactions from all platforms into a single dashboard, so servicing members is made needlessly difficult.</p>	<ul style="list-style-type: none"> • Score 8-10 if yes, this is in place today. • Score 5-7 if some capabilities are in place and there are plans for more. • Score 1-4 if there are plans for this activity. • Score 0 if there are not even any plans. 	
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Next Steps

You should now have a score between 0 and 100. If you have scored more than 85, you are either the clear leader in the digital field, or you should go back and answer more honestly. However, your numeric score is not as important as your position on the spectrum relative to your member strategy. These ideas go some way to measuring your digital readiness, but if your strategy is to have the greatest physical footprint in your region and you have scored 'poorly' on this exercise, then you have not wasted your investment dollars.

If, however, you do desire to be a leading digital FI, a 'poor' score is likely an indication that you are not investing in the right places. If this is the case, data from this exercise can be used as justification to create an internal team focused on driving the digital experience. This team would be responsible for formally evaluating your offerings and then making the recommendation to either allocate or adjust investment dollars.

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