

focus

On Community Banking and Alternative Payments

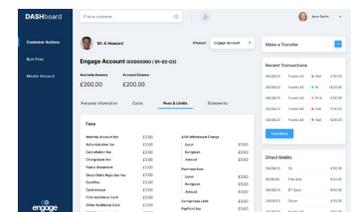
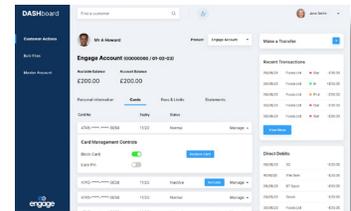
October 2020

WHAT'S INSIDE?

COMMUNITY BANKING EVOLVES
The launch of new Engage end-to-end technology (Page 2-3)

CREDIT UNIONS IN THE NEWS
What's happening in the world of community banking (Page 4-9)

LOWER COST FASTER PAYMENTS
Credit Unions are saving up to 70% on faster payment fees (Page 2)



The definitive Credit Union platform solution

Now every Credit Union and community bank - regardless of size or budget - can replace all their legacy systems and bolt on services with the most advanced, cloud based back office, banking and payments technology. Reduce costs... work faster... drive growth. **Turn to page two to find out more...**

EVOLVE... EMPOWER... ENGAGE

New Engage end-to-end banking and payments solution set to revolutionise Credit Union operations and deliver cost savings

The Engage Credit Union technology roll-out continues at pace with the forthcoming release of their new **Engage DASHboard™** solution.

DASHboard™ is a revolutionary banking and back office platform that provides every Credit Union with the opportunity to eradicate outdated legacy systems (e.g. Curtains) and all associated plug-in services, replacing them with an advanced cloud-based platform that significantly reduces costs and administration duties, whilst delivering sustainability and driving profitability.

The new Engage solution is available in two versions: DASHboard™ and DASHboard™ LITE.

DASHboard™ LITE is designed for Engage partner Credit Unions who simply want an easier way to issue and manage Engage debit cards and accounts for their unbanked members.

The solution is provided at no cost to Credit Unions and will replace Engages existing webCRM portal.

Over time it will deliver a wealth of new benefits and features including:

- An easier way to issue Engage cards and accounts to members
- Instant loading of Engage Accounts either individually or in bulk
- Management of Engage debit cards, standing orders, transfers and payments
- A full suite of management reports
- Advanced member search facilities
- Member communications and push notifications
- Instant temporary debit card issuance for loans and emergency funds

- Engage PIN4Cash facility (cash payments by sms)

DASHboard™ LITE is currently on trial with a number of Credit Unions in the UK and the feedback received to-date has been overwhelmingly positive.

Shortly, every Engage partner Credit Union will be provided with a showcase version of DASHboard and encouraged to provide feedback prior to the full national roll-out.

For those Credit Unions looking for an holistic solution that significantly reduces workload and costs across the whole organisation, the full version of DASHboard™ is an end-to-end banking and back office platform that is proven to optimise operational efficiency and member engagement.

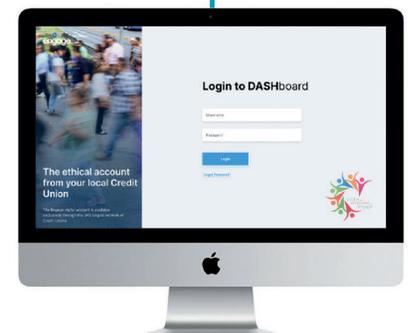
The speed and efficiency of the new DASHboard™ facility will see admin time cut by at least 50%.

Banking and faster payments costs are minimised and the facility delivers advanced digital onboarding features, engines for quicker lending decisions and much more.

The comprehensive CRM module means members will experience a level of service and care unrivalled within the community banking sector.

The launch date for Engage DASHboard™ End-to-End, along with preliminary dates for platform demonstrations will be announced to all UK Credit Unions in the coming weeks.

To register your interest in attending a DASHboard demonstration, please provide your name, Credit Union details to Geoff Leech, Engage Managing Director on geoff.leech@engageaccount.com



EVOLVE... EMPOWER... ENGAGE

Engage PIN4Cash to deliver simple and cost-effective distribution of member funds

Engage PIN-4-cash is an innovative solution that allows Credit Unions to send cash to any of their members in seconds via an sms text message.

The sms text message contains a unique code that the member can use, along with their mobile number, to withdraw their funds immediately from any one of 12,000 participating ATMs across the UK.



HOW IT WORKS

Payment or loan agreed with Credit Union and funds sent



Find ATM



Withdraw Funds

The recipient **does not** require a debit card, bank account or Engage account to access their cash - just a basic mobile phone to receive the sms.

The Engage PIN4Cash facility is ideal for Credit Unions who need a convenient way of distributing cash, emergency funds or instant loans to members 24 hours a day, 7 days a week.

The service will prove vital for those members who have difficulty visiting their Credit Union and especially useful where branch availability is restricted due to COVID 19.

Engage PIN4Cash is available to all partner Credit Unions on request and easily integrated.

Credit Unions who wish to take advantage of this fantastic new development should, in the first instance, email geoff.leech@engageaccount.com

Open Banking to facilitate better lending decisions

Engage has scheduled the introduction of Open Banking in a move that will provide huge benefits for both Credit Unions and their members.

Open banking is a secure way for Engage Credit Union partners to access comprehensive information on loan applicants to form a true picture of their financial status.

Access to consolidated account balances and transaction information provides verified details of income, expenditure and debt obligations, all of which are essential to decision makers looking to make informed lending decisions and reduce Credit Union loan delinquency.

A key benefit for members is the ability to view details on all the accounts they hold at different banks in one place.

A comprehensive real-time view of all balances, transactions, loans and savings activity is proven to encourage effective budgeting, promote saving and help eliminate wasteful spending.

Credit Unions will receive updates on roll-out in the coming weeks.

Credit Unions can see savings of up to 70% with Engage faster payments

Credit Unions have the opportunity to send and receive payments in real time at a fraction of existing costs thanks to the Engage Faster payment solution.

Set up is simple and integration is free of charge for a limited period.

With Engage, faster payments are made direct from your back office either in bulk or individually, and funds reach the beneficiaries bank

accounts in under two minutes.

The API driven solution is highly secure and there is no requirement to hold sensitive data or expose the Credit Union to unnecessary compliance risks.

Engage faster payments is highly competitive, in some cases saving Credit Unions up to 70% on their existing fees, whilst significantly reducing admin time and eliminating



the possibility of human error. Faster payment fees are based on your expected annual usage and there are no minimum volume requirements.

CREDIT UNIONS IN FOCUS

Anxious Credit Union members preparing for an uncertain Christmas

Credit union members say they are feeling anxious, uncertain and worried by money in a build up to Christmas overshadowed by the Covid-19 crisis.

Wolverhampton City Credit Union chief executive Rob Shearing said Christmas was usually its busiest time of year – but this year “feels so different”.

“We’ve asked our members how they’re feeling just to make sure that what we plan in terms of savings and loans, is in line with their needs,” he said.

“In view of what members are telling us, we’re planning to offer help and advice on budgeting, making savings and tips for taking care of mental health and well-being.

“Overall, we hope that members feel they can resist the pressures to overspend this year so they can start the new year with fewer money worries.

“It can be really difficult to ignore Christmas advertising and get caught up in the nostalgia of the season.

“But practical things like a Christmas budget, a meal planner and shopping lists can help us resist impulse buying.”

More than half of those who took part in the Credit Union’s survey this month expect Christmas to be ‘very different’ this year with more than 38 per cent feeling more anxious about Christmas, with one member commenting: “I hate Christmas.”

While around 44 per cent said they would be spending Christmas at home with close family only, 34 per cent did not know who they would be allowed to spend it with while 16 per cent said they would be spending it alone as usual.

More than half said they would try to make Christmas ‘as good as it can be’ for the sake of the children with a determined 10.5 per cent saying they would not let Covid-19 ruin Christmas.

While 12.8 per cent said they had saved for Christmas, more than 20 per cent said they would pay for it from their December pay packet. Nearly 36 per cent said they would take out a credit union loan.



Photo created by wayhomestudio - www.freepik.com

More than 28 per cent said they planned to spend up to £350 on Christmas with nearly 29 per cent spending up to £600 and over a fifth planning to top £1,000.

Nonetheless, members planned to make savings on presents (43 per cent), cards and decorations (30 per cent) and going out (41 per cent). Around 28 per cent planned to spend less on food and drink.

Wolverhampton City Credit Union is a community-based not-for-profit cooperative owned by its members, who live or work in the WV postcode area of the city and surrounding districts.

**Jon Corsor, Octoner 2020
Express and Star**

Happy 30th Anniversary

Metro Moneywise celebrated its 30th anniversary this month in Rochdale, the home of the co-operative movement.

The Credit Union was established in 1990 by a pioneering group of Rochdale Council employees who wanted to give their colleagues access to a safe savings scheme and low-cost loans directly from their salary.

Fast-forward to 2020 and the Credit Union has welcomed over 10,000 members, holds over £10m of members’ savings, has lent in excess of £50m and has shared more than £2.5m of surplus with its members.

The Credit Union transformed its services digitally in the



past couple of years, which has been pivotal to Metro Moneywise’s success in supporting members during the lockdown period. “Despite so much change, we are committed to providing the best service to our members,” says Chief Executive of Metro Moneywise, Ciara Davies. “We pride ourselves on treating people like individuals, which is why we’re so proud of our 5-star Google reviews – not to mention 97% of members saying they would rate us 5/5 for customer service”.

Ciara added: “After all, we believe in people helping people. That’s what we’ve done for 30 years, and what we’ll continue to do for the next 30 and beyond.”

CREDIT UNIONS IN FOCUS

Credit Union movement reveals portrait of John Hume and sympathy message



"Key dates of John's life have been worked into this amazing portrait including the year 1960, when he founded Northern Ireland's first credit union, Derry Credit Union Limited," a spokesman said.

THE Irish League of Credit Unions has published messages of sympathy left following the death of its former president John Hume, as well as a new portrait of the Nobel Laureate.

Mr Hume, who died in August, was a founding member of Derry Credit Union and often described his involvement as one of his greatest achievements.

In tribute to the "wonderful leader", the credit union movement commissioned a new portrait by Dublin artist Shane Gillen. Both it and messages of sympathy have been released against a poignant rendition of Mr Hume's favourite song, *The Town I Love So Well*, by

composer Phil Coulter.

In his personal tribute to Mr Hume, Mr Coulter said: "I can't tell you deeply saddened I was at news of John Hume's passing.

"Apart from being a political giant who worked ceaselessly for peace, he was a fine human being, a dyed-in-the-wool Derry man and a good and loyal friend since our school days".

Tributes and the portrait can be seen on the Credit Union's social media channels.

**Seamus McKinney. October, 2020
The Irish News**

Global Credit Union membership surpasses

291 million

The global Credit Union movement has increased membership by 59% (107 million) over the past decade, according to new data released by the World Council of Credit Unions (Woccu).

The largest increases over the past decade were witnessed in Latin America (153%), Africa (143%) and Asia (81%)

The apex body's 2019 Statistical Report confirms that the sector added over 17 million members in 2019 to reach a record 291 million people from 86,055 credit unions in 118 countries.

The largest increases were witnessed in Latin America (153%), Africa (143%) and Asia (81%). Membership went up 48% in Oceania, 30% in North America, 17% in the Caribbean and 8% in Europe.

"Our movement continues to grow because we respond to the needs of members by expanding services, providing more access through digital channels and putting their



economic empowerment ahead of corporate profits," said Woccu president and CEO Brian Branch.

"That growth will continue as consumer demands for safety join those of convenience and seamless integration into the digital economy. Those demands have only grown throughout the Covid-19 crisis, and credit unions across the globe are responding."

In 2019, Credit Unions in Oceania saw the largest per capita increase in membership, with a 24% jump from 2018. Asian credit unions grew at a rate of 13%.

Credit Union assets increased by more than 26% worldwide in 2019, while savings, loans and reserves also grew.

Woccu's Statistical Report is based on country responses to its annual survey and does not make estimates for non-reporting countries.

As part of its Vision 2020 strategy, Woccu had set the target for the movement to reach 260 million credit union members worldwide by 2020.

In March the apex launched Challenge 2025, an initiative aiming to increase membership going forward – through the digitisation of the global credit union system by 2025.

**Anca Voinea October 2020
www.thenews.coop**

CREDIT UNIONS IN FOCUS

The 'Now' Normal: Why Credit Unions must hit the reset button on their digital strategy

The accelerated adoption of digital has changed the way members will utilise Credit Unions and evaluate their services.

In the age of the COVID-19 pandemic, digital interaction has become a focal point of contact – and sometimes the only point of contact – between Credit Unions and members. In a survey from FIS, 45% of respondents reported a change in the way they interact with their financial institution due to the pandemic. This rapid adoption of the digital channel appears to have grown into a preference for some with 30% of respondents from the same survey noting their plans to continue using online and mobile banking channels in the future.

This is not unique to the Credit Union space. Other industries such as retail and food and beverage have experienced an increase in the utilisation of digital services such as Instacart, DoorDash and others.

Even with the reopening of physical stores in the retail space, the numbers still do not mirror those of the year prior – and this is with the pent-up demand of not having access to physical stores for months.

This retail example highlights what we are witnessing in the Credit Union industry: The accelerated adoption of digital has changed the way members will utilise the Credit Union and evaluate Credit Union services. In other words, members and prospects will judge the Credit Union much more aggressively when it comes to its digital services.

A New Credit Union Experience

Member expectations of digital will be informed by experiences in other industries. Warren Tomlin once stated, "a person's last experience is their new expectation." No matter the industry, a great digital experience sets the standard for all others.



In understanding the digital desires of members, Credit Union leaders should look to other industries and see what solutions can foster these types of experiences for their members.

Additionally, it is important to shift preexisting viewpoints of digital services being primarily designed with millennial or even Gen Z members in mind. It is quite the contrary now.

With the average Credit Union member being 47 years of age, Credit Union leaders must ensure that digital services offer all of the solutions a member needs, and are in line with expectations that enable the member to have a seamless experience.

The Role of Payments

Providing a personalised digital payments experience is key for members and will continue to be in the future.

The earlier FIS survey cited that consumers are flocking to mobile wallets and contactless payments to avoid the virus risks that come with physical currency. As of May 2020, 45% reported using a mobile wallet, 16% reported a drop in cash use and 31% plan to stay this way post-pandemic. JD Power also cited that P2P has proved to be not only popular among consumers during this time, but those using P2P payments have a higher rate of satisfaction.

Why Digital Payments?

Digital payments alleviate the need for cash and bill pay is easier when managed all in one place – and there is no better place than the Credit Union.

Members value this convenience today for health and safety considerations and will continue to value its ease-of-use.

New technology advances in artificial intelligence takes digital payments one step further with its ability to personalise the payment experience, thus mirroring the personalisation of an in-branch experience and keeping members happier with their digital experience.

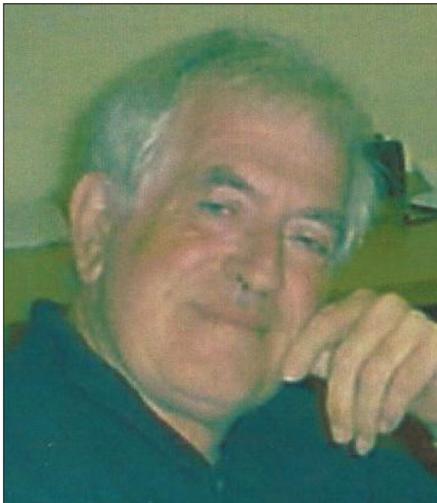
COVID-19 has changed the world. It has disrupted business as usual, and has changed how business will operate moving forward. Moving much of the global work force to working from home placed a greater importance on digital payments and having the right infrastructure in place is critical.

For Credit Union leaders, now more than ever is the time to examine the digital experiences that your Credit Union provides to members to ensure your Credit Union is ready to deliver upon and respond to the paradigm shift that is the "now normal."

Mickey Goldwasser. July 2020
CUtimes.com

CREDIT UNIONS IN FOCUS

Lifetime achievement award for Flintshire Credit Union pioneer



Mr Tecwyn Jones

A FOUNDER of All Flintshire Credit Union, who steered it from just £25 to a turnover of £2m, is being honoured with a posthumous lifetime achievement award.

Tecwyn Jones, who died in September, helped set up the Holywell not-for-profit financial cooperative and was still at the helm when ill health forced him to retire in 2019.

The former community worker was awarded the Credit Unions of Wales Lifetime Achievement Award in recognition of the three decades he spent building All Flintshire Credit Union.

Former All Flintshire Credit Union Board member Glyn Owen received the award on Mr Jones' behalf.

He said: "The Credit Union was really Tecwyn's life's work, he put so much into building it up into what we have today.

"He believed in local people helping each other and keeping money in the community, and that's what drove him.

"I am so sorry he can't receive the award himself, but am pleased he knew he had achieved this recognition before he passed."

All Flintshire Credit Union was set up in 1992 with just two members and £25 to lend out but under Tecwyn's leadership membership grew to 3500 and turnover reached £2m. Claire Savage, policy officer for Credit Unions of Wales paid tribute to Mr Jones.

She said: "Working with communities in the USA, Glasgow, Liverpool and here in his home county of Flintshire, Tecwyn's drive and determination to create a fairer society touched and improved thousands of people's lives.

"The Credit Unions of Wales Lifetime Achievement Award is in recognition



of three decades spent building fair and ethical financial services for people in Flintshire.

"He was a pioneer of the credit union movement in Wales and All Flintshire stands as testament to his belief in fair and ethical financial services for all. He will be sorely missed."

The son of a baker, as a young man Tecwyn won a Fulbright Scholarship to study in the US, where he discovered his passion for community development, working with gangs in Pennsylvania.

He worked with communities in Glasgow and Liverpool before settling back in his home county of Flintshire with his wife Jean.

The Credit Unions of Wales Awards were sponsored by Engage and supported by the Welsh Government.

Geoff Leech, managing director at Engage, added: "Engage is delighted to be sponsoring the Credit Unions of Wales Awards for the third consecutive time and we are continually impressed by the high standards of entries.

"This year is no exception as they illustrate once more the commitment and dedication of businesses, workers, organisations, members and volunteers towards the global Credit Union movement.

"We congratulate all of the winners and highly commended for all that they do to further the incredible work of ethical savings and loan providers across Wales."

**Steve Craddock, October 2020
The Leader**

Clockwise maintains 5-star Fair Banking mark

Clockwise Credit Union has maintained its 5-star Fairbanking Mark for loan products.

The Fairbanking Mark is awarded by the Fairbanking Foundation following a rigorous assessment which includes independent research involving the customers or members of a financial services provider.

Chief Executive of Clockwise Credit Union, Teresa Manning said: "We are delighted to have our loan products assessed and awarded the prestigious, Fairbanking Mark for the third year running.

We know this gives our members and partners peace of mind and assurance that we provide fair and transparent loan products that work in the best interest of our members and contribute to improving their financial wellbeing".

CREDIT UNIONS IN FOCUS

The people who build Britain's Credit Unions..

Set up to collect and preserve the memories of people involved in setting up and running Credit Unions before 2000, the Credit Union Foundation's Save and Sound oral history project launched online on Thursday 15th October, International Credit Union Day.

Speakers at the online event included, Lord Kennedy of Southwark, Chair of the Credit Union Foundation Trustee Board, Dr Paul A. Jones, Reader in the Social Economy, Liverpool John Moores University and Mary Stewart, Curator, Oral History, and Deputy Director of National Life Stories at the British Library.

Lord Kennedy of Southwark, said: "The Credit Union Foundation is proud to have been entrusted with this important project. It is because of the commitment and enthusiasm of our Credit Union pioneers that communities and workplaces can now access safe savings and affordable credit. Save and Sound will ensure that their efforts are not forgotten."

Dr Paul A. Jones, said: "A wide range of people have been involved in establishing Credit Unions in Britain, from churches and community groups to trade unions and local government. I look forward to Save and Sound producing a collection of interviews which reflects the diversity of influences within the sector."

Mary Stewart, said: "These interviews will enrich the national collection of oral histories with detailed, personal testimonies about the foundation of Credit Unions, and their day to day function. On behalf of National Life Stories at the British Library, I am delighted that researchers now and in the future will be able to access to these recordings alongside our other rich holdings on the banking and finance sectors."

Save and Sound is funded by the National Lottery with money raised by lottery players. It will collect 40 oral

histories from Credit Union pioneers across the north of England. The interviews will become part of the national oral history collection cared for by the British Library where they will be available to generations of researchers.

Volunteers are being recruited to carry out the interviews and to populate a new website where clips of the interviews and other material will be hosted. The project will also produce a new online course and podcast to help more people



understand the heritage of Credit Unions. A toolkit will enable more interviews to be collected across Britain.

Anyone interested in the project or the heritage of Credit Unions is invited to register for the event at: <https://bit.ly/3nBsslG>

CU News. October 2020.
Abcul.coop

HI-Scot Credit Union reaches milestone of £10m in loans

The summer of 2020 brought some positive news for HI-Scot Credit Union as it reached the significant milestone of issuing £10 million in loans since opening in 2006.

"That £10 million has allowed our members to buy cars, make improvements to their homes and has supported them in countless other ways by providing access affordable credit." said General Manager, David Mackay, "That's a lot of people getting to work or keeping their home in good condition thanks to a HI-Scot loan."

2020 has not been the easiest of years and, for many people, saving has been the last thing on their minds - but there's never been a more prudent time to think about putting money aside for a rainy day.

"Saving with a credit union is very straightforward," said David, "And with options like payroll deduction, where you decide how much to save and this is deducted directly from your salary every pay day, our members can start saving today."



HI-Scot has over 3,200 members and, with no external shareholders, the Credit Union is building a strong financial community across the Highlands and Islands.

"We offer our members, who all live and work in the Highlands and Islands, services that suit their needs", David explained.

"For example, we recently introduced phone loans, which makes accessing our affordable loans a whole lot easier, at HI-Scot, we take each member's circumstances into consideration, whether they want to save or borrow – or do both."

VIEWES FROM THE NEWS

Protecting your Credit Union through effective due diligence with this essential guide...

Partners offering affordable solutions, future proof technology and promises of big revenues are easy to come by, but working with those who are also legitimate and trustworthy is imperative.

And it's not just about avoiding a scam. There is a requirement from the FCA along with a risk of harsh penalties. More than ever, choosing the right company to partner with could make or break the future of your organisation.

The following paragraphs outline best practice that surround the due diligence process.

What exactly is due diligence?

Put simply, due diligence is the required action by a business to know its partners. This involves making the relevant enquiries that determine whether a third party, existing or prospective, is honest and legitimate.

In doing so, you can be confident that any third party partners will operate in a reliable, lawful manner.

Broadly speaking, the amount of due diligence you carry out depends on factors such as prior experiences, the size of the projects to be undertaken, cost factors, available resources and time constraints.

You can't know everything about a potential partner, but gaining a more thorough understanding of them is highly recommended in reducing risk and avoiding fines.

Why carry out due diligence?

At its core, due diligence helps to reduce instances of fraud, contributes to making good decisions and ensures smoother sailing in the long term when it comes to your Credit Union.

It helps you understand who you are doing business with, whether you're ethically compatible and minimises the risk of falling foul of regulators.

Just how well do you know your payments partner?



How do I carry out due diligence?

Once you have identified the third party (or parties) that you want to work with, your process of due diligence can begin.

Checking business registrations and public documents.

If the third party is based in the UK and they're a limited company, the Companies House Beta website provides free access to details including registration date, registered office, latest accounts (where available) and more.

These documents can be used to compare the information you already have to see if they correlate.

Importantly, all company directors, shareholders and those with significant control of the business will be listed.

You can also see the track record of business successes and failures of all the individuals listed.

For VAT registered suppliers in Europe, head to the VIES website to see if their VAT numbers are legitimate.

Verify the trade accreditations and establish the certifications your partner should have by visiting the regulators websites. When engaging a business in fintech, it's important to establish if they are fully regulated.

Visit www.fca.org.uk to ensure your partner is registered and to establish which licences they hold.

If handling payments, verify if the organisation is PCI compliant by visiting www.pcisecuritystandards.org.

And don't forget to carefully inspect terms and conditions, privacy and GDPR policies, all of which must be displayed on their website.

Gut Instinct

Despite all the checks, sometimes you just have to trust your instincts.

In your investigation into a third party, there can be some telling signs that indicate who you could be going into business with.

How long have they been providing solutions in your sector? The number of years can instil either confidence or doubt.

Look into the registration details of their domain name; it should be registered to the business. If it's registered to an individual or if the address is different from the one published on their website, take that as a potential red flag.

Phone or visit the supplier for information. Ask questions about trading history, how they conduct themselves, delivery and returns policies, and ask about the services they sell - they should know their products/solutions like the back of their hand. If not, that's probably not a good sign.

And always speak personally to their existing customers as testimonials on a supplier's website can't always be trusted

Finally, a quick Google search should turn up some interesting results

You might be able to come across some supplier forums, which are a great source of reviews and past experiences.

Although the information is subjective, it's a good indication of how a supplier operates.

VIEWS FROM THE NEWS



Consumer demand is at the heart of fintech innovation

Paige McNamee. September 2020. Finextra.com

The ability of incumbents to innovate with the agility of disruptors has long been perceived as an uphill battle with unmatched opponents clambering to take lead position.

Alex Bannister, director of strategic partnering at Nationwide Building Society, argues that rather than being borne strictly out of competition, the best innovation comes from looking to where demand lies and acting upon that need.

"I believe innovation is found in the gaps between adjacent industries and technologies. Borrowing from new areas to solve problems on your own is often the most successful way to encourage innovation."

Instead of looking narrowly toward professional services for insight, Bannister explains that customers play a key role in building momentum for innovation. "Put simply, our members have a fundamentally important role in helping us deliver the products and services they need and want [...] I believe all organisations should work with their

customers when developing new products and services so they can help shape and design propositions that are really relevant to their needs.

"While we have been first to market a number of times, Apple Pay, 24/7 customer service via social media and internet banking to name a few, for us it's more important to focus on delivering things that our customers need, want, and will get a real benefit from."

The status quo occasionally needs a reset

Bannister goes on to discuss the difference between understanding the needs of consumers and the most efficient means of delivery. While incumbents may have entrenched levels of trust and reputational strength, disruptors aren't burdened by legacy systems or the potentially poisonous bureaucratic lags that come with large institutions.

He explains that disruptors have a huge role to play. "Some fintechs set out explicitly to collaborate and not all fintechs set out to challenge the banks. Indeed, many remain content to leave highly regulated core functions to the traditional players. In this sense, 'collaboration' is a rational response from market players seeking to address market scale quickly – or

conversely, test and access tech quicker than they could otherwise develop."

He explains that this also represents the maturation of fintechs. In this category, they compete less with the banks, more with well-established big financial services tech players like FIS, FICO, and Experian, who would indeed consider themselves the original 'Fintechs'.

In conversation with Finextra Research, Tom Graham, managing director in Banking at Accenture UK, continues that standalone brands have driven these new ideas: "Regardless of how successful they will be, you cannot ignore the intellectual inheritance neobanks have delivered to the broader industry – new ideas and ways of operating products.

"Banks must keep pace with these changes and customer demand to stay relevant - and sustain their top-line revenue growth. Opportunities such as open banking and novel digital propositions which are ignored in this space will increasingly materialise as strategic threats."

Banks have sought to collaborate with firms to help them achieve this, therefore encouraging efficient sharing of knowledge to mutual advantage helping to tackle common challenges.

Bannister believes where innovation is concerned, trust and collaboration are inextricable: "When talking about money and people's finances, trust in an organisation is also a key factor. This is where established providers can bring real benefits to their carefully selected partners. For me, innovation is all about bringing together the right partners and the right people to deliver for the needs of our members."

Change begets progress

Olivier Guillaumond, global head of ING Labs & Fintech, ING Bank says: "Innovation should create a differentiating customer experience. It's the only way to stand out from competitors. Innovation is not about gadgets. Banking should be personal,

VIEWS FROM THE NEWS

instant, relevant and seamless. Customers expect that nowadays.

"Consumer expectations are changing. The world has been changing through technological developments at a quickening pace over the past few years and (partly as a consequence) consumer behaviour.

"Consumers are used to instant satisfaction and excellent service. People expect banking to be like that. Covid, like any unexpected massive rapid change brings both threats and opportunities in a context where the speed towards digitisation is accelerated. Definitely an attractive ground to generate ideas with high level disruption potential."

However, while there is that knee-jerk reaction for traditional players of rejecting technology incumbents from the financial sector, banks must remember Uber, Airbnb and Amazon and their success, and dramatic disruption on their respective industries and beyond. From these seismic shifts we now have Amazon Pay, Amazon Prime and Uber credit and debit cards demanding attention for the market share they are expertly carving out.

How to ride the collaboration wave

Speaking with Finextra, Olivier Guillaumond, global head of ING Labs & Fintech, ING Bank, says that "partnerships are great win-win opportunities. We learn about agility, creativity, entrepreneurship, while we offer the fintech a strong brand, a large client base and financial expertise."

Bannister bolsters the point, arguing that "it's inevitable that collaboration increases as although there will be core capabilities which incumbents will want to build themselves, the opportunity to partner to bring innovative solutions to customers, or in our case members, at a quicker pace and more efficient cost will not be lost."

Guillaumond goes on to explain that partnering with a fintech is a means to an end. Success metrics are agreed upfront and the fintech

team at ING "closely monitor and step up efforts to increase success and performance of the partnerships. We've stopped 95 partnerships to date, fail fast is a crucial innovation principle."

Craig Fox, director of fintech at Silicon Valley Bank (SVB) explains that whilst SVB is a bank that supports the tech community through its specialised industry expertise and its established network, its core competency is not software development in the way it is for certain fintech companies.

"The era of partnership and collaboration is definitely here. It's fostered by the environment in the UK where we have champions of the fintech sector such as the Bank of England and the Treasury, alongside government schemes, such as CBILS and more specifically the Future Fund, aimed at supporting the innovation economy through the pandemic."

Are two heads truly better than one?

The rapid demise of RBS' 'flanker brand' Bó is the perfect example.

By March 2020, a mere six months after its launch RBS announced it would combine Bó with its SME-focused brand, Mettle. Commentary at the time said that the crowded nature and maturity of the UK's digital banking market meant Bó was always going to have a difficult time. In the five months it was online, Bó attracted just 11,000 customers (including 'friends and family' of the bank).

Commentary also pointed to problems plaguing Bó's tech stack, with a post launch bug and a compliance glitch frustrating users and concerning RBS investors. In this light, financial institutions may find it easier to invest in or acquire a startup that has already built a digital platform that works efficiently rather than attempting to build their own – all the while having to juggle the pre-existing cost of maintaining their legacy systems.

This does not eradicate or dilute the fear of Big Tech corporations making waves in the financial sector.

Large financial institutions may opt to partner with the likes of Google, Amazon and Facebook, as seen with Apple's credit card launch with Goldman Sachs and Mastercard and Google collaborating with Citibank to introduce consumer bank accounts.

How financial players stand to benefit

Deals such as this would ensure that traditional banks have access to a colossal amount of customer data, enabling them to leverage this information to produce products and services that efficiently serve the customer.

Again, this seems to have been fruitful in Asia where Standard Chartered have teamed up with China's Alipay to launch a digital remittance service using blockchain technology, in addition to partnering with mobile payments arm of Globe Telecoms GCash that allows people to send money between Hong Kong and the Philippines.

In addition to partnering, other banks are deciding to unveil new strategies and therefore, new products and services that diversify their portfolio. This in turn allows them to reach more customers.

For example, the Royal Bank of Canada started offering services that help register a startup or rent their house on Airbnb.

Banco Santander also launched a crossborder payments system based on blockchain and BNP Paribas introduced Hello Bank, which have seen success but other thought-to-be innovative initiatives have not been so lucky.

An example of this could be UBS which closed its automated online investment service SmartWealth after launching a robo-advisory service in 2016.

However, it remains to be seen whether this will emerge as a trend or is just an indicator of the appetite for investment and the Covid-19 fallout is likely to expose new victims.

LOOKING FORWARD TO 2021



To say 2020 has been a challenging year is an understatement. To predict what is going to happen in the coming months (possibly years) is anyone's guess.

One thing we can say for sure is that communities across the UK and the world will likely need the support of their local Credit Union like never before.

This year's theme for International Credit Union Day - *inspiring hope for a global community* - was a rare message of positivity for those who need to hear it most.

Since 1948, International Credit Union (ICU) Day® has celebrated the spirit of the global credit union movement.

The day gives us all the opportunity to reflect upon the Credit Union movement's history, to promote its achievements and through the sharing of experiences, recognise the superb efforts and hard work of everyone involved.

The aim of International Credit Union day is to raise awareness of the tremendous work that Credit Unions are doing.

Engage shares the same values and commitment to supporting our communities.

The future and well-being of Credit Unions has been at the heart of everything we have done since our work began in late 2009.

We have experienced first hand the many challenges our Credit Union partners face daily.

That's why, having addressed the movements shortfall in technical capability, Engage will now turn its attention to helping raise awareness

of the fantastic work Credit Unions do within our communities.

Engage is now in the process of planning a number of national media campaigns designed to highlight the many benefits of CU membership and emphasise how Credit Unions are working to end financial exclusion and deliver financial opportunity for everyone.

The ultimate goal is to help position Credit Unions as the number one lender and financial services provider of choice.

In the new year, Engage will look to form a focus group of partner Credit Unions to help us steer our campaigns with the aim of achieving an uptake in new membership of over 240,000 nationwide.

If you your Credit Union would like to be part of our national awareness campaign and membership drive, please express your interest by contacting geoff.leech@engageaccount.com.



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Let our readers know what's happening at your Credit Union

Focus is a quarterly publication, written and compiled exclusively for Credit Unions and community banks. We would like to know more about the kind of stories you want to read about and hear your thoughts on issues affecting the movement. We'd also love to feature all the latest news from your Credit Union and wider community.

If you have a news story for our next edition, would like to provide commentary on any Credit Union issues or participate in our editorial meetings, please email geoff.leech@engageaccount.com.

If you are not yet an Engage partner Credit Union and would like to find out more about our work with Credit Unions and community banks then call Geoff Leech on +44 (0)7719 549612.

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