

Up With the BIG BOYS

IT cost-sharing enables smaller credit unions to get in the after-hour access game.

Your members love you. You're convenient. You're accessible. You're right downstairs. So why do you feel like an ATM when you have so much more to offer?

Maybe it's because you're not as accessible as you think.

You can't install an automatic teller machine in every neighborhood, and members using foreign ATMs can rack up annoying additional fees.

Automated telephone tellers require members to either carry code cards that are easily misplaced or make members listen to innumerable choices to complete simple balance inquiries. Human tellers, while pleasant, have the irritating habit of going home just when your member sits down to balance a statement and needs to transfer funds to cover that month's drafts.

What you need is a Web site.

After-hours access

For many smaller credit unions, and even larger ones with small information technology departments, a limited (or lack of a) Web presence plays a big part in keeping members from fully utilizing even the most basic services. While direct deposit may be popular, the instances of members immediately withdrawing or transferring funds to draft accounts for ultimate deposit into primary accounts elsewhere increases when members must rely on in-person or phone transactions to control accounts.

Larger institutions generally have the staff, and definitely have the means, to offer 24-7 access to account services. Loan applications and approvals, share-to-share transfers and

bill-payer functions over the Internet, not to mention downloadable statements into home accounting software, are all services that newer generations of members have come to expect from full-service institutions.

So, what if you're unable to afford an electronic solution?

The easiest way to overcome money, time and staff constraints is to find out who else could use what you want created. Not that you are looking to create a CUSO, but rather something less permanent, less complicated.

Something like a consortium.

Using a Web site as an example, other than layout, there's not much difference between one financial services site and the next. Each offers members the ability to access and manipulate personal accounts. Each is fire-walled. The rest is cosmetic.

"A consortium," according to Bob Touchton, P.E., vice president of advanced technologies for Strategic Technologies in Jacksonville, Fla., "takes its participants a step further in controlling its own destiny." Rather than be at the mercy of cookie-cutter or off-the-shelf solutions, "you and

A GOOD VENDOR SHOULD...

- be familiar with financial services, preferably credit unions;
- be experienced with pay-per-use technology;
- have a consistent track record in solving general business problems;
- provide references regarding timeliness, value, service and end product;
- have a methodology to focus group needs;
- lay out on paper how your project will play out;
- provide cost and schedule options;
- be skilled in facilitating tradeoffs within the consortium (e.g. what is needed to get up and running, and what can wait until the 2nd or 3rd release);
- be familiar with and explain off-the-shelf solutions that may fit individual needs; and
- be willing to help participants navigate and pick solutions that may ultimately determine whether it's best to join the consortium or buy off-the-shelf.

other credit unions can form a governance body that is the consortium, which writes the specifications for the solutions that need to be built.”

Try to build a business case to accomplish the most basic site alone, and the return on investment generally isn't there. “Divided by 10,” says Touchton, “you can do it. The business case falls into place and the ROI is there. Pooling resources to sponsor creation of the solution makes sense.”

How it works

The consortium serves as an advisory committee to the vendors chosen to create and host the Web site. (see sidebar, “A Good Vendor Should...”) These advisers should be key people from target audiences, (think member, member service and marketing), who will help steer production in the right direction. The marketing component is key, as your credit union's look and feel should be visible on each page accessed through your special link or address.

Initial creation and set-up costs are shared by each credit union represented within the consortium. The payback for such broad representation, according to Touchton, “is the influence you'll have over features and

evolution.” While each participant may utilize similar features, like account histories and share-to-share transfers, others can gradually include features, like draft re-ordering, as services are added.

The cost of service (hosting) is usually pro-rated by membership and production. “In simplest terms,” explains Touchton, “a credit union whose members made up two-thirds of the total transactions in a month would pay two-thirds of the cost at month's end.” As member organizations are added to the consortium, original sponsors could get a discounted rate per transaction.

Future IT needs, too, can be negotiated at a lower-than-market price, because consortium members without IT staff are guaranteed customers for vendors.

Educational Community Credit Union in Jacksonville, Fla., which tapped Touchton's expertise, negotiated special follow-up rates for outsourcing. “This created all kinds of resources,” say Brenda Williamson, the credit union's vice president of lending. “We have limited internal IT, so if we have projects that are not time-critical, we outsource. Strategic Technologies' staff keeps busy, grabs

Online Resources

Companies offering Internet services:

Liberty Online—

www.libertyonline.net

Cyberbranch Corp.—

www.cyberbranch.com

S1 Community and Regional eFinance Solutions Group—

www.qup.com

billable hours at a cut rate, and we get non-time-critical projects completed within reasonable time frames.”

Coming together in a consortium needn't be limited to Web design and hosting. Any common problem, like a regulatory or material issue, that is too focused for general product vendors, can generally be addressed within a consortium. ♣

Diane Faulkner is the founder of Practical Business Solutions. She offers customized seminars and keynote addresses on organizational development, and can be reached at dkf_mail@bell-south.net or 904-997-0004.

