



The Future Is...

...Shared Services

Moderator: Lisa Skinner

Panelists: Earl Gill, Robert Frederick,
Phil Broome & Paul Makin



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Digital Financial



We are:

- ❖ A boutique consultancy dedicated to addressing the regulatory, management, business and technical needs of clients at every stage of digital transformation.
- ❖ Experienced in working with a wide range of organisations on the support and provision of cutting-edge financial services:
 - Banks, credit unions, MFIs, payment operators, development organisations, standard setting bodies, governments, and central banks.

We believe:

- ❖ That appropriate development and deployment of digital financial services can enable governments, development organizations and financial services institutions to overcome barriers to access, whether due to cost, geography, social factors or health and safety concerns.



Introductions



Earl Gill—Senior international banker

- ❖ 35+ years experience in Anguilla, Antigua, the Bahamas, Barbados, Belize, Bermuda, Cayman, Grenada, Guyana, Haiti, Jamaica, Puerto Rico, St Lucia, St Kitts and Nevis, St Maarten, Trinidad and Tobago, Turks and Caicos, the U.S. Virgin Islands as well as in Canada.
- ❖ Executive experience as a champion of change across technology, processes and people and creating and revitalizing customer-centric sales and service models to ensure superb customer/member experience and operational efficiency
- ❖ Shared services across the English-speaking Caribbean for Scotiabank
 - Pilots and implementation across English-speaking Caribbean of:
 - work simplification.
 - sales & Service re-organization.
 - call redirect.
 - credit card processing.
 - retail remediation/central collections .
 - Full shared services model pilot in Trinidad and Tobago then rolled out to the English-speaking Caribbean.



Introductions



Robert (Bobby) Frederick—Senior Caribbean and Central American banker

- ❖ Experience in Anguilla, Antigua, the Bahamas, Barbados, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Monserrate, Panama, St Lucia, St Kitts and Nevis, St Maarten, St Vincent and the Grenadines, Trinidad and Tobago, Turks and Caicos and the U.S. Virgin Islands.
- ❖ Experienced in Corporate/Commercial Finance, Personal Banking, Banking Operations and AML/Compliance.
- ❖ 360° understanding of the sales, product, operations and compliance challenges of retail and commercial banks throughout the Caribbean and Central America.
- ❖ Change champion and Plan of Organization specialist leading:
 - branch operations/reengineering reviews.
 - the retaining and empowerment of staff.
 - the centralization of numerous processing and mid-office functions under a shared service platform.
 - the leveraging of digital financial services, especially digitally enhanced sales, to improve sales & service.
- ❖ Full responsibility, executive experience as country head of an international bank in Dominica and Grenada.



Introductions



Phil Broome—Senior international banking technology expert

- ❖ 35+ years experience across the Caribbean, Central & Latin America, Asia and Canada
- ❖ Native of Barbados and graduate of University of the West Indies
- ❖ Executive level responsibility for Compliance and Operational Risks Regulatory Projects across a major international bank
- ❖ Deep understanding of the intersection of technology with core bank functions such as accounting, compliance, and commercial and retail products
- ❖ Champion of the integration of digital channels
 - ATM, internet, mobile,
- ❖ Expert in the technology and compliance aspects of shared services
 - Assessment of and requirements for the automation of processes
 - Branch, mid and back office, call centers, reporting, mobile sales & service
 - Technology consolidation across:
 - data centers, platforms for reporting and adjudication, all core banking services.



Introductions



Paul Makin—Digital financial services pioneer

- ❖ 30+ years experience across the Europe, the Americas, Asia and Africa
- ❖ Advisor to International Standard Setting Bodies, development organizations, national governments, central banks, industry associations, payment service providers and financial institutions of all sizes
- ❖ Digital for financial inclusion specialist
 - Mobile money
 - Mobile wallets
 - Interoperable, affordable payments
 - Remittances
- ❖ Risk, fraud, data privacy and customer protection expert
- ❖ Digital transformation
 - Fintech, informational and transactional APIs, omnichannel approaches
- ❖ Leader in the conceptualization, design, regulation and implementation of:
 - remote customer onboarding (ID&V, KYC/CDD and e-KYC)
 - Digital identity schemes



Today's Format & Objectives



As this webinar is about “Shared Services” we are going to work together in a collaborative way that allows each of us to focus on our area of greatest competence.

We will use of PowerPoint to guide an introductory discussion in four parts:

- ❖ Definitions and concepts
- ❖ Why move to a shared services model?
- ❖ The ongoing journey to shared services
- ❖ Imagine ... across a league, across the region

Please take advantage of the Q&A function to ask the experts your questions!

We will reserve 20 – 30 minutes for the Q&A.

We hope that by the close of this event, we will have made a compelling case for Credit Unions to come together in groups—large and small—to gain the benefits of a shared services model.





What do we mean by “Shared Services”?

Definitions and concepts



Shared Services is a more Powerful Concept than Centralization



Shared Services

- ❖ Broad business model goal aligned to serve the entire organizations needs
- ❖ A service entity delivering added value
- ❖ Capitalizes on best practices to drive incremental efficiency
- ❖ Ability to manage costs and balance service levels
- ❖ Creates “Centers of Excellence”
- ❖ Leverages people, process and technology to maximize internal and external customer experience

Centralization/Consolidation

- ❖ Centralization /consolidation is part of shared services although on a limited scale
- ❖ More of a focus on control
- ❖ Creates some economies of scale
- ❖ Usually, the beginning of establishing a true shared services model
- ❖ May not leverage people, process and technology to the fullest
- ❖ May not necessarily create measurable and consistent customer experience



3 Types of Shared Service Arrangements



Within a unified organization

- ❖ Within a single credit union (whether one office or several)

Among a group of financial institutions with a common set of basic rules

- ❖ Related through a “head office”
- ❖ Jamaica Credit Union League
- ❖ ECCB—Shared Services Onboarding for AML/CFT/CPF/sanctions (a single regulatory regime)
- ❖ Large international banking groups—among different country operations

Across a regional group or association who have to agree together on the standards

- ❖ Pacific Islands Regional Initiative (PIRI)—a work in progress



And lots of combinations...



Canada has mix of regulatory regimes—single federal regulator if the credit union opts to be federally chartered, otherwise provincial rules govern deposits, lending and investing

Shared service examples include:

- ❖ **Central 1 Credit Union** is owned by and serves 113 credit unions in the provinces of Ontario & British Columbia
 - 3.3 million members
 - Shared liquidity management
 - Payments provider
 - Centrally managed, full service, technology wrapper to integrate digital financial services and fintech to existing core banking systems

<https://www.central1.com/forge/forge-marketecture-diagram/>
- ❖ **Ficanex/The Exchange**—170 Canadian credit unions and banks <https://www.ficanex.ca/>
 - over 3,700 no-charge-to members ATMs across Canada and a 40,000 ATM network in the United States
 - Merchant services for Alipay and WeChat Pay





Why move to a shared services model?

To deliver best-in-class products and experiences to your members



Strategic Challenges—Do these sound familiar?



- ❖ Increased competition from the banks, retailers and Fintechs as they become more effective at delivering differentiated customer service to individuals and small businesses. Banks have also begun to compete against core co-operative values through initiatives such as corporate social responsibility, sustainable businesses and the environment.
- ❖ Ever increasing regulatory requirements in the form of capital, liquidity, reporting and compliance (IFRS 9, FATF, etc.). Scale is critical in order to implement effective governance.
- ❖ Technological changes are increasingly too difficult for smaller financial institutions to manage. Mobile banking, contactless payments, core banking replacements, digital currencies, real time payment systems, cash management are just a few examples of key functionalities that many are having difficulty implementing.

***“co-operation among co-operatives”—
the sixth principle of the co-operative movement is more important than ever!***





Superior operations through a shared service approach

Single Institution = optimization

- ❖ Single centre of specialized technology
 - Hardware, software, training
- ❖ Single line of oversight for each line of business
- ❖ End-to-end process improvement
- ❖ Rationalization of costly real estate
- ❖ Greater security and privacy through assigned access

This seems a lot like consolidation/centralization until we look at the approach to people ...

- ❖ Start with work simplification but end with Centers of Excellence

Association of Institutions = Scale = Negotiating power for service contracts

- ❖ Interoperable technology leasing and service—ATMs, branch tech, POS, tablets
- ❖ Call centers
- ❖ KYC/AML/CFT, sanctions, etc.
- ❖ Reporting—compliance, financial, etc.
- ❖ Centralized collateral registry
- ❖ Cloud services
- ❖ Card issuance
- ❖ Fintech and “white label” apps
- ❖ Cybersecurity
- ❖ Asset/liability management
- ❖ Merchant services—open or closed loop
- ❖ Training packages

let's think about people next...





What to do with the newly freed resources? Invest in people!

Your staff:

- ❖ With external help to reduce friction
 - Identify skills and interests
 - Create a Plan of Organization that matches responsibility with accountability
- ❖ Specialized training and coaching both in groups and individually
- ❖ Develop programs for job shadowing and loaning staff on “work terms” to sister credit unions
- ❖ Create member services and product design focus groups to liaise between internal work groups—include staff from a variety of levels and areas
- ❖ Make sure that your metrics allow for special situations which need more time for excellent service—both to members and between internal work groups

Your members:

- ❖ Programs for financial literacy, small business management, leaning to invest
- ❖ Every staff they encounter is expert in what they do
 - Quicker and more accurate service
 - Fast and personal problem solving because staff are expert and empowered
- ❖ Collaborative networks of ATMs and/or phone apps give members service across geographies
- ❖ Shared call centers make 24-hour member service practical
 - Combined with shared phone apps/internet bank and ATMs would deliver continuous expert support

Investing in your staff is investing in your members



Improving operations plus investing in people delivers!



We have seen:

- ❖ 10-15% improvement in efficiency—speed of processing and reduction of errors
- ❖ 10-20% improvement in productivity
- ❖ 15-20 % improvement in sales
- ❖ Faster turnaround times for all services—loans, letters of credit, mortgages, investment purchase

Greater attention to your member leads to:

- ❖ Needs analysis vs assumptive selling
- ❖ Personalized relationships and loyalty
- ❖ Reduced delinquency through more frequent touch-backs and the ability to devise plans of remediation

A Positive Technology Equation:

- ❖ Lower overall costs + ability to keep up-to-date = resources to invest in new technologies, new products/services + the training to keep your people's skills cutting edge

Ability to compete vs larger, for-profit players whether banks, fintechs, “neobanks” or retailers



The on-going journey to shared services



Get your own “house in order”

- ❖ Assess processes and people
- ❖ Work simplification
- ❖ Consolidate/centralize
- ❖ Renew Plan of Organization
- ❖ Invest in staff development

Partner with other credit unions which share your standards

- ❖ As much or as little as your business needs
- ❖ Negotiate carefully—begin as you intend to continue

Maintain what makes you unique

- ❖ Style of service, specialized products, philosophical and religious values, focus on building a better society





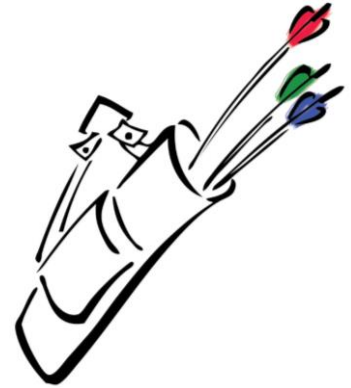
Prioritize with a Scorecard Tool

After getting input from across the organization, you'll likely have more potential shared services initiatives than your organization has the time, money & skills to immediately implement.

So what to target first?



A Shared Services Scorecard is a TOOL for quickly assessing the priority of these initiatives.



The Shared Services Scorecard Tool:



The Shared Services Scorecard is a framework to quickly **prioritize** initiatives.

- a) Is it **mandatory** (e.g. addresses a regulatory requirement)?
- b) Does it make a **positive material change**?
- c) Does it change a **key business driver**?
- d) Is there a **clear and realizable path to implementation**?
- e) Does it strengthen our **foundational member services and relationships**?
- f) Does it change our **culture** in a positive manner?



This tool is also useful when considering how much to invest in updating or maintaining an existing service or process.



Imagine a new future



- ❖ Collaborative customer due diligence – KYC/AML/CFT/CPF
- ❖ Interoperable real-time payment & remittance system for Caribbean credit unions
 - With built in compliance
 - Stand alone or a gateway to established networks
- ❖ Use credit union branches & ATMS across the region and beyond—“ding free” for members
- ❖ Group based insurance and pension bought and managed at scale
- ❖ Centralized collateral registry
- ❖ Shared cybersecurity function
- ❖ Uniform core banking system across the associated institutions
 - Imagine... in the cloud, individually partitioned, always upgraded
- ❖ Shared disaster recovery and business continuity services



THANK YOU! WE LOOK FORWARD TO YOUR PARTICIPATION IN THE Q&A

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