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2018 Tech Expectations

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It will be an exciting 2018 for credit unions if just a percentage of the industry forecasts listed prove foretelling. However, expect continued cybersecurity incidents and threats to steal some attention.

The following are capsules of some pertinent 2018 insights, expectations and predictions offered by financial services industry companies and experts on a range of topics such as

digital, mobile and retail banking; payments and cryptocurrency; data security; application programming interfaces; fraud; the Internet of Things; core deposits; credit union bank acquisitions; machine learning and artificial intelligence.

Mike Morris, systems partner, Porter Keadle Moore:

- Data security and risk management remain a hot topic. Regulators increase their review and oversight.
- Credit unions will need to place greater focus on risk management programs to ensure they hold up to this amplified scrutiny, particularly as it relates to vendor management.
- Financial institutions will begin to explore blockchain's potential to create secure transactions at lower costs.

Robb Gaynor, co-founder and chief product officer, Malauzai:

- Open API will be a focused topic. Expect a shift from accessing data to distribution. Fintech vendors want access to real, live customers. Credit unions will and should play a critical role in this process.

Mickey Goldwasser, vice president of marketing, Payrailz:

- The credit union industry prepares for growth in all aspects of the payments experience. Members believe technology should simplify or eliminate mundane aspects of their lives. Credit unions must address this cultural “do it for me” expectation by providing smarter digital payment experiences.

Gary Singh, vice president of marketing, Ondot Systems, Inc.:

- Consumers demand more control and protection of their data. Credit unions will need to provide card controls in 2018 to give members the ability to stop fraudulent activity immediately, control spending and have a tool to weather the data breaches as they occur.

Kristopher Bishop, founder and president, Integrated Legacy Solutions:

- Credit union acquisitions of banks has risen consistently from only one transaction in 2012 to five transactions in 2017. Acquiring a bank can be a lucrative strategy for credit unions as it allows for an increase in the asset base and membership field while spreading out regulatory costs.

Michael Ball, vice president of markets and strategy, IMM:

- Credit unions have to adapt and evolve to provide a more modern, digital experience with simplified and convenient engagement. Delivering digital tools and services will be a priority in 2018, enabling credit unions to better engage with members.

Larry Nichols, president/CEO, MDT:

- Credit unions advance how they leverage digital channels such as implementing AI to automatically present cross-sale opportunities to members. Mobile apps become more sophisticated, encapsulating everything a member wants and needs such as retail coupons, shopping news, restaurant deals, etc.

Mark Vipond, president/CEO, D3:

- More credit unions will try to consolidate individual point solutions to streamline operations, improve members' experience and lower overhead associated with managing IT environments. Savvy credit unions will lay the foundation for a digital banking platform strategy built on API-driven architectures, allowing them to bring new innovations to the market quickly.

John Waupsh, chief innovation officer, Kasasa:

- Increasing core deposits will be top of mind in 2018, especially for credit unions, but we anticipate big challenges ahead in doing so. The marketing tactics historically leveraged to acquire core deposits and increase market share are no longer effective. Instead, credit unions will look to data-cleansing and enriching processes, paired with data-driven acquisition and retention strategies, and supported by marketing automation.

Joe Salesky, CEO, CRMNEXT, Inc.:

- Investment ensures digital capabilities in financial and call centers also work for credit union staff and allows them to focus on consultative member conversations. Personal financial management will turn from a member self-service experience to a collaborative focus for financial health discussions and member action plans.

Brad Downs, CEO, Strategic Resource Management:

- More credit unions will seek to augment and automate the requirements associated with managing and negotiating vendor contracts, utilizing benchmarks to ascertain if the deal they are getting is above, at or below market. This will be especially true in the payments space where network brands have gotten increasingly aggressive in establishing their brand footprint.

Ted Bilke, president, Symitar:

- Urgency around branch transformation and digital banking will push credit unions to advance technologies like AI, bots and distributed ledger.
- Credit unions will embrace more fintech partnerships to speed new product development and differentiate digital services.
- Internal processes and organizational design will also formalize cultures of innovation and intelligence via specialty positions.
- The call to outsource IT will become more about strategically dedicating resources to focus on emerging critical trends.

David Eads, founder/CEO, Gro Solutions:

- We will continue to see the evolution of the mobile/digital channel as a catalyst for credit unions' growth. This includes highly targeted, relevant marketing campaigns to existing and prospective members to more cost-effectively expand their footprint.

Mark Anderson, CEO, Banc Intranets:

- Credit unions will primarily focus on how they can improve their bottom line by reducing expenditures and streamlining operations internally. Operational technologies, whether an employee intranet, customer onboarding system or new loan origination system, will become an integral part of a credit union's efforts to further minimize expenses and drive long-term growth.

Tim Keith, co-founder and chief strategy officer, Infusion Marketing:

- Rate-based competition for deposit dollars will accelerate faster than anticipated. As strong lending companies have become hungrier for deposits, aggressive deposit rate offers have begun to appear. Deposit rate pricing deployed through strategic marketing offers credit unions a unique competitive advantage.

Suzi McNicholas, vice president of marketing, Source Technologies:

- Consumers will expect greater levels of continuity between digital channels and the branch experience. Credit unions will shift toward implementing in-branch technology that can bridge the gap in these channels, transform branches into more high value, advisory-based centers, and leverage self-service technology.

Scott Hess, VP of user experience, consulting and innovation, Fiserv:

- The fast pace of change in mobile payments will intensify, driven by advances in technology and changing consumer habits.
- As consumers become more comfortable with voice-enabled technology, they will begin using it for financial interactions.
- Faster payments will continue as a priority across payment types. Paying others digitally becomes the familiar and preferred option.

Chad Conley, senior product strategist, retail banking, Fiserv:

- Financial institutions try to balance high-tech innovations with well-timed human interactions.
- AI is set to enhance capabilities such as fraud detection and customer support.

Matt Wilcox, SVP, marketing, strategy and innovation, digital banking, Fiserv:

- Digital banking developments using a variety of innovations – including analytics, voice banking, facial recognition and biometric capabilities will help make the experience more compelling and intuitive.

Jack Henry & Associates:

- The Clearing House's Real-time Payment system nears the point of critical mass.
- Real-time payments will achieve significant progress toward ubiquity within the next two years.
- Deposit disintermediation will continue to increase. Money previously stored in regulated deposit accounts is becoming scattered among prepaid cards, mobile wallets and even in P2P services.
- Consumer debt is returning to pre-recession levels. Financial institutions develop strategies to address this.

Matt Honea, director of cyber, Cyence:

- Cybersecurity budgets will continue to grow, but executives will be more strategic with how they tailor budgets to address modern day threats.
- Crypto-ransomware will be a major threat to companies in 2018.
- As autonomous vehicles and transportation systems become increasingly digital, they also become attractive targets for cyberattacks and vulnerabilities.

Mike Massaro, CEO, Flywire:

- Cross-border payments become optimized for a specific set of customers and requirements such as type of transaction, specific industry regulations, connected accounts, international requirements or payment-related customer support needs.
- Different countries collaborate more closely to create more predictability in their markets, and protect their common interests.
- Different players in the international payments and receivables processing realm will increasingly incorporate AI and machine learning.

Tom Donlea, vice president of global marketing, Whitepages Pro:

- Identity verification will become a part of the regulations and compliance for lending, payments and other online businesses.
- The combination of machine learning and quality data will require any serious lender to make sophisticated decisions in the fast-moving online banking market.
- Larger online lenders will bring fraud fighting in-house rather than rely on a third-party platform. They'll trade out rules-only decisioning platforms in favor of a hybrid platform that also uses custom models.
- Blockchain for Identity will finally move beyond prototype. The first deployment will occur with high value financial industries and for health-related data.