

# AFTech Letter

Association For  
Financial  
Technology

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## AFT 2010 Spring Meeting Right on Target

*"We may have all come on different ships, but we're in the same boat now." - Martin Luther King, Jr.*

*An Association for Financial Technology meeting provides a safe harbor for those in the industry. A place where competitors, partners, and those who are nonaligned gather to discover which way the financial services wind is blowing, learn how to navigate the troubled waters and maybe plot a successful future course.*

The AFT 2010 Spring Meeting lived up to expectations and then some. "Wow! What a difference in a year," proclaimed AFT President Bob Ezell in kicking off the 2010 Spring Meeting. "Last year we witnessed conferences being cancelled, attendances at conferences at an all-time low and the complete instability of the financial market, yet we still managed to have a strong attendance at our Spring Meeting...that was a tribute to the value we place on this association."

The 2010 AFT Spring Meeting set at the Disney Yacht & Beach Club in magical Lake Buena Vista, FL, received raves for the timeliness and



"What a difference a year makes", commented AFT President, Bob Ezell, in his opening remarks at the AFT 2010 Spring Meeting in Lake Buena Vista, Florida

relevance of its presentations. One of the largest turnouts in years, more than 100 attendees - including an exceptional 26 first timers - heard sessions focused on leadership, quality, changes in technology in the financial services industry, strategic alliances, multi-media marketing and social media. In addition to the presentations, there were three of AFT's signature interactive sessions.

"We always want to provide you, our members, with the best quality program," said Ezell.

### AFT DISNEY WORLD SCRAMBLE

#### GOLF OUTING

*Winning Team (l to r, in photo)*

*Shawn Ward, Geezeo*

*Dana Giesler, CCMC Inc.*

*David O'Malley, Open Solutions, Inc.*

*Peter Glyman, Geezeo (not in photo)*





## KEYNOTE

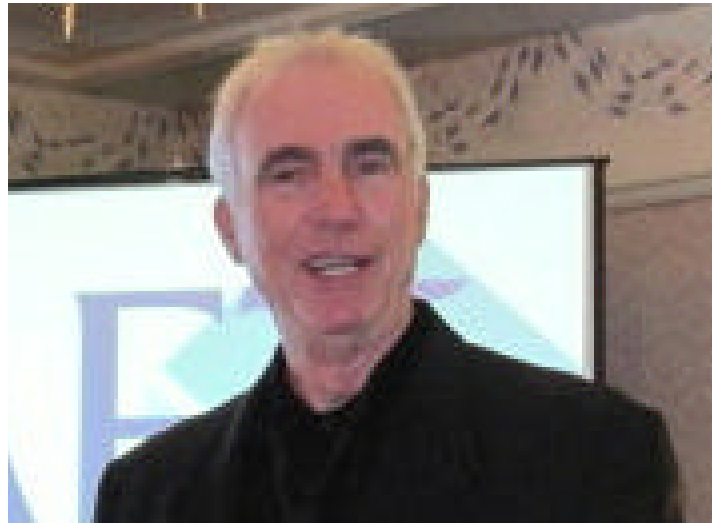
### **Leadership in Tough Times**

*Motivational speaker John Cassis provided insights on leadership in his presentation at the AFT 2010 Spring Meeting.*

Cassis described qualities that people most admire in other individuals: warmth, honesty and a sense of humor. All of these are qualities that also help people become effective leaders.

Regarding honesty and integrity, Cassis touched on the significant role those traits play. "We live in a world that always tries to talk about image," said the keynote speaker, "but when you talk about leadership, integrity is more important...it is integrity that builds careers, builds relationships, builds clients, builds customers and holds on to them."

To move forward in life and in business people need to be capable of adapting to change in order to create a new norm. With every change, there is a denial and with every denial, there is some kind of resistance. However, there needs to be some new exploration of an adjustment and then a commitment to changing. Cassis, quoting author Max DePree, said, "The first responsibility of a leader is to define reality. The last is to say thank you. In between, the leader is a servant..." A leaders' power is in his or her capacity to inspire and influence other people explained Cassis. "If you can inspire, if you can influence, if you can touch other people's lives through your character, through your



*Keynote Speaker, John Cassis, opened the Spring Meeting with an inspirational message which touched many attendees and set a great tone for the conference.*

integrity, through your warmth...whatever it takes, communication ability, if you can do that you will be a leader and you will move people."

The balance in our lives, and that special balance between the knowledge you know about your industry and communicating that knowledge depends on keeping your staffs on focus by aiming for the target and staying positive through the whole thing.

Cassis said two words sum up dealing with life, challenges and response, "We have the choice everyday to say 'we can do this.'"

## PANEL DISCUSSION

### **Social Media Making an Impact with Financial Institutions**

*Social media is a hot topic under discussion at financial institutions. During the AFT 2010 Spring Meeting, Tom Shen of CBG Holdings and Scott Mills, President of the William Mills Agency, moderated a very revealing panel about how social media intersects with financial services.*

In order to understand current use the association brought in people involved with social media at their financial institutions.

Trey Reeme, Director of Channel Integration at Texas Dow Employees Credit Union, based in Lake Jackson TX, explained, "My directive was to make young adults love our financial institution." Reeme needed to learn the differences between Baby Boomers, Xers, and Gen Yers and how that plays into business, particularly banking.

"It's not social media that is important...if you're not doing something as a financial institution that is worth getting talked about, you're not going to get talked about...it doesn't matter whether you have a Facebook page, or a MySpace page...you have to do something worth getting talked about." That is why Texas Dow online tries to generate WOM (word of mouth) in everything it does.

During Hurricane Ike, they used their blog to inform members what roads were closed because they are part of the community. They also market non-traditionally to Gen Yers such as launching a program called Young and Free Texas to report on free things to do throughout Texas. "We want to send the message to Gen Y that we know you are cash strapped," said Reeme. However, when they have funds the credit



union is ready.

The drive helped raise Texas Dow from 1500 members in the 18-25 age range in 2007 to a thousand more the following year.

Susan Guess, Senior Vice President/Marketing Director at Paducah (KY) Bank & Trust, "Our CEO was pushing for us to get involved in social media...we realized we had to get started." The financial institution rolled out a Facebook presence and used video as a way to personalize the bank as a public relations tool but not to introduce products and services. In just a few weeks, they had a thousand fans and today they have over three thousand.

"For us Facebook is not about selling, it is really about a conversation," said Guess, who added "Marketing is in evolution and this is just a part of it...social media and the Internet is where the people are...and if we want to be part of their lives, we believe this is where we must be."

Jesse Torres, President and CEO of Pan American



Tom Shen (far left) and Scott Mills (center) were Moderators for the Social Media Panel. Panelists included Joe Bartolotta, Susan Guess, Trey Reeme and Jesse Torres

## BANK AND SMALL BUSINESS

### ***What Do Small Businesses Really Need from their Banks?***

*Small business expert Jim Blasingame explained the need for financial institutions to create programs and solutions that attract small businesses at the AFT 2010 Spring Conference.*

There are about 23 million small businesses in the U.S., representing over 90 percent of employers, and some \$6.24 trillion dollars. "Whatever is good for small businesses is good for the world," emphasized Blasingame.

For bankers, it's redundant to say "undercapitalized" small business. "We've got to have a bank partner," emphasized Blasingame. He also stressed that a small business is not a little big business. "Starting a small

Bank (Los Angeles) revealed how "You need to find something that is worthy of word of mouth and go with it." His financial institution looks at social media as a way to personalize the organization. Torres suggested that it does not matter how big or how small your budgets are to become involved in social media.

It isn't a marketing tool in its most obvious form...it is really more of customer-service tool, a tool to get your story out and tell what you have to say in more than a 30-second sound bite, it is a way to become personal as an organization," said Torres. As a small bank in East Los Angeles, a poor bilingual community, Torres says Pan American has been able to bring in deposits by telling their story through social media "people want to belong to something."

Joe Bartolotta, Executive Vice President/Marketing & Product Management, Eastern Bank (Boston) is more cautious about social media. "We use social media as a complement, as an opportunity to send our message to another audience," stated Bartolotta. The bank used it as part of their fall 2009 campaign. They used social media as part of a contest launched through Facebook to illustrate teamwork. "Within 24 hours (entries) started coming in...ultimately it presented an opportunity for us to create pre-campaign buzz...we reached people we would not normally have reached...we created excitement about it."

Bartolotta said Eastern Bank did not jump in feet first in social media. "We sent in paratroopers behind enemy lines, dropped in, took a few pictures and got out...but we are gradually getting more and more in it." They are also using it to share information among employees.

business is easy — growing a successful one is not."

The new leverage model creates challenges for financial institutions that want to do business with small businesses. We are now entering the age of the customer. The customer now controls the relationship. The challenge for small ventures



Small Business Expert, Jim Blasingame



is acquiring capital and cash flow to support and fund their growth," He added, "The new leverage model creates challenges for banks who want to do business with small business."

Nevertheless, the 21st Century will be good for banks that service small business for three reasons," maintains Blasingame:

- Technology

- Outsourcing and integration
- Sophisticated management

Small business will depend on community banks more than ever before. That is good for technology vendors too. "As you design technology for banks," Blasingame said addressing the group. The challenge is to "help your customers help their customers help their customers."

## CUSTOMER SERVICE

### ***Bringing Disney Magic to Other Businesses***



*Disney Institute Content Specialist, David Mulvey, shared the Magic Kingdom's successful formula for world-class customer service with AFT 2010 Spring Meeting attendees.*

*What is a conference at Walt Disney World - where the emphasis on customer service and running a successful business is a model for other business - without a lesson from one of the Magic Kingdom business specialists? David Mulvey, Content Specialist & Program Facilitator at the Disney Institute, provided a thought-provoking and energizing peek behind the magic, at the AFT 2010 Spring Meeting, held at the Disney Yacht & Beach Club in Lake Buena Vista, FL.*

"We want to set the bar very high," said Mulvey who

provided many insights and examples of the Disney methodology. For Disney that begins with quality service. The Disney definition of quality service is exceeding the guest expectations by paying attention to details. If you want to exceed your customer expectations, you need to know what those expectations are in the first place. "If you want somebody's attention,"

suggested the Disney teacher, "you whisper...it's the little wows that bring people back again and again."

Two main components of Disney "Guestology" are knowing and understanding their guests. This means personalizing the experience, discovering and teaching a common purpose and then integrating everything into a workable model. Understanding the guests is learning their psychographics, learning what people are thinking, what they are feeling, underneath the numbers. "We really want to get at the emotional aspect," said Mulvey. "I don't care what business you are in, even financial technology, you are in an emotional business...whether you like it or not."

Businesses need to learn their customer's needs, and more importantly, their customers' wants. "Do you know what those underlying wants are?" asked Mulvey. Are you meeting all your expectations all the way? In this way, individuals can find out what are the drivers of the business. "What do you want to be known for" and "What are you in business for."

For Disney, their common purpose is creating happiness by providing the finest in entertainment to people of all ages, everywhere. In relating the Disney experience with other business, Mulvey suggested that managers walk their business and have employees walk the business as well to learn "What legacy you are leaving with your business."

#### **What They are Saying About AFT...**

*"Conference was great!"*

*"Great opportunity to network with industry peers"*

*"Fantastic conference. I was very impressed by the interaction between members, and, as a "first timer," I received a great deal of value from the conference. I think the group did a great job of interacting with*

*me as a first timer and making me feel extremely comfortable."*

*"Very interactive Spring Meeting and I was able to bring home many things that will help me and my organization."*



## MASTERING MULTI-CHANNEL MEDIA

### **Reaching Financial Services Decision Makers**

*Katherine Burger, Editorial Director of Banks Systems & Technology and Brian Keenan, Account Director of Bank Systems & Technology, offered a primer on reaching the decision makers in financial services by utilizing today's myriad of communication methods.*

The old adage of "the more things change the more they stay the same" does not carry as much weight nowadays. What has changed is that media 2.0 dramatically shifted the communications methods. "Think of various communication platforms in use today," said Burger. There are Web sites, searches, mobile, wikis, blogs, social networks, video, newspapers, magazines, reports, Twitter, RSS and more. Nevertheless, some core fundamentals remain the same.

The challenge is to evolve or become extinct. Because the way people receive information has changed. Your technology offerings are not the same as what was offered five or ten years ago. Similarly, the marketing tools are not the same.

Print publications are portable and in a comfortable format and "you can target the top of the food chain," explained Keenan. The challenge is in the limited ability to measure the effectiveness of the medium. Conversely, online marketing is a great way to measure the effectiveness of a marketing campaign especially to deliver specific content.

Face-to-face events are dwindling as large trade shows



*BS & T's Editorial Director, Katherine Burger (left) and Account Director Brian Keenan (right) offered a primer on reaching decision makers in financial services.*

attendance drop off due to travel restrictions and cost. Yet smaller events still provide a setting for good interaction. Other options available are e-newsletters, webinars, social media, video, and marketing through intelligent content, which allows companies to pull prospects in through quality, customized content. Marketing equals communications equals sales. Most marketing efforts can be effectively tracked and measured in today's world. The old school contains advertising, unmeasured media, magazines, ad pages, static programs, which are disconnected from sales and Web content. The new school includes marketing communications, measured media programs, integrated campaigns, and multi-media marketing.

## STRATEGIC PARTNERSHIPS

### **How To Make Make Strategic Alliances Work**



*Longtime AFT Member and Past President, Charles Potts (left) and Karen Reichle, Founder of BOSS (right).*

*Charles Potts, Managing Director/Business Alliances & International Sales, ProfitStars moderated a panel discussion focused on strategic partnerships in the banking technology industry at the AFT 2010 Spring Meeting. Participants included Judy Mod, Principal, Social Gastronomy; Karen Reichle, who founded BOSS (Business Operations Services & Support); and Chuck Gowin, Managing Partner, GII Consulting.*

The panel covered critical topics related to the strategic alliance cycle model including the alliance business case, partner assessment and selection, alliance negotiation and governance, alliance management and assessment, and assessment and termination.



In building a business case for strategic alliances: Mod recommended "Looking around at other companies that are complementary...keep the focus on the customer and the needs of the customer...then you can build that lifecycle around you as to who those companies need to be that you can bring into a partnership." Reichle suggested, "You have to look at the needs of the bank's customers because when you pull away resources from the business unit for an IT organization, ultimately an investor is not going to benefit as greatly for what you are trying to accomplish, so really look at the resources."

What do companies look for in a partner? "Companies had expectations that we could become their sales force, the reality was...we want you to be the feet on the street and let us support you with hardware, services and software ...small companies with a great idea but no opportunity to deliver is not the kind of partner you are looking for," explained Gowin.

In doing a partner assessment and due diligence, Mod explained the need to form the relationship and determine the culture fit. Reichle said her company looks at "Who you are in their social market...where is your identity today." In scouting out a partner, companies need to get to a point where they are comfortable. "We are not ready to buy today... that does not mean we are not interested in it down the road," explained Gowin.

During alliance negotiations determining governance needs to rely on some key factors as well. "We have to



*Making Strategic Alliances Work panel members Chuck Gowin, G II Consulting (left) and Judy Mod, Principal, Social Gastronomy (right).*

be realistic...who is doing the heavy lifting...what is fair," stated Reichle. "Try to define what that relationship is...there need to be active involvement," added Mod. "Define the roles of alliance managers," said Gowin.

Sometime the partnership needs to be dissolved or discontinued. "At some point you have to understand that this partnership may not work," said Mod, "because sometimes it does not make business sense." At times the consumer is not ready, "(The product) is just not ready for primetime...there is no market opportunity" explained Gowin. "You have to reach some pretty tough decision to terminate," stated Reichle.

One critical component is sometimes overlooked. "We lose sight of the other very critical alliance partner - your customers," said Reichle.

## MICROSOFT

### 'Creative Destruction in Banking' — What's Next?



*Microsoft's Marley Gray closed the AFT 2010 Spring Meeting program with his provocative presentation which kept conference attendees in their seats until the end.*

*Closing the conference on a high note, Marley Gray, Chief Technology Strategist — Banking, Financial Service, at Microsoft left AFT 21020 Spring Meeting attendees awed by his timely and provocative presentation.*

Gray first caught people up on how quickly the technology landscape has changed in 10 years, "The average employee might be half as old as the technolo-



*To see a streaming video of Marley Gray's timely and provocative "Creative Destruction in Banking" go to the Association's Web site at <http://www.aftweb.com>.*

gy they are using. Some may be younger than the technology they are using." Web banking, he pointed out, is more popular than ever and aggregation of financial



products is keying a movement toward cash flow management.

A winning strategy for the future, does not include just branches, but does not exclude them either. There is a move to digital, socially influenced and multi-channel marketing, as well as capitalizing on rich Internet applications, using measurement and business intelligence to drive actions. "If your experience does not stick with that consumer, you are not going to keep that consumer," said Gray.

Banks, warned Gray, are making the same mistakes as in the past by looking at the various touch points as being separate entities instead of an presenting an integrated marketing front. Some banks recognize the need to present a unified approach. For example, Bank of America is making a push into social networking while also investing heavily in branches.

Microsoft strategy, 3 Screens and the Cloud, is designed to change the way humans interact. This includes a new powerful GPU that includes condition-

al formatting that takes advantage of people's pattern-recognition ability.

The new powerful platforms, with XAML (pronounced zamel), Extensible Application Markup Language, which is a declarative XML-based language, helps designers create assets that can help deliver consistent experience among different customer touch points.

In the next 3-5 years, innovations will include workspaces, "where the workspace becomes an active participant" by reading body movement, voice and touch, as well as organizing data; bendable, unbreakable, transparent displays; and SmartClient Teller, with keyboard shortcuts, snappy alerts and notifications, no server required for fault tolerance, full device support, auto update and more efficient use of bandwidth.

Gray explained that social computing in banking would create some challenges because it is hard to have different user interfaces for each type of screen by vender. However, the new capabilities are universal.

## INTERACTIVE

### ***Bringing Important Topics to the Forefront***

*Webster's New World dictionary defines interactive as "acting on one another; reciprocally active." It does not include AFT as a synonym, but it should. What separates AFT meetings from other industry conferences is in the high-degree of interactivity. The three interactive sessions - moderated by Dana Giesler, Vice President/Sales at CCMC, Inc.; Dave Culbertson, Vice President, Computer Services, Inc.; Jeff Marshall, Vice President/Strategic Technology, Harland Financial Solutions; Brian Otte, Senior Vice President, Corporate Development, Perimeter eSecurity; Rob Daley, President, Intelligent Banking Solutions; and Wayne Whaley, President, Proformance - at the AFT 2010*

*Spring Meeting lived up to expectations.*

The three interactive sessions included separate sales and service sessions as well as a combined session. Among the topics covered were:

#### ***Are Bankers Buying?***

- Starting to loosen a little bit
- Making more inquires
- There are closings

#### ***The Relationship between Cores and Ancillaries***

- Banks are taking some control of their third-party relationships
- Cores have really started to open up





- Larger cores are becoming more and more closed
- Cycles change, don't know where we are in that cycle

**Resources Shift**

- Shifting our culture from product based to skills based
- Did a skills assessment

where anybody in the company that needs that skill can borrow that person

**FDIC Concerns/Closures**

- We have a small window between when we find out and the banks closing
- We have a watch list we maintain
- We are a little confused about what is our roll if the bank closes
- We have no latitude for anything contractually

**Social Media**

- The language that is being spoken is something that we need to pay attention to
- People need to think about Twitter they way they think about this conference



**Virtual Conferences**

- Experienced reduction in travel, record it, worked well, got a lot of leads
- The thing I struggled with is having a salesperson sit there for 12 hours, costs was about the same as in person

**Contact Terms**

- We are seeing some banks want to go short, but 30 percent of our banks have gone 10 years; they don't want to talk to examiners
- We don't have auto renews any longer

**The James E. Stoner/Allan W. Balch Memorial Scholarship**

The Association for Financial Technology has been awarding college and university scholarships to deserving employees and their sons, daughters, stepchildren, spouses, grandchildren and wards since 1985. The award is named in honor and memory of James E. Stoner, one of the organization's founders, and Allan W. Balch, a two-time President and ardent supporter of AFT.

Complete Scholarship Program information and applications are mailed to the primary contact person at each member company on/about April 1 of each year. Member companies are then responsible for selecting one (1) applicant. Completed applications are due back to the AFT Executive Office by July 1. The AFT Scholarship Committee selects a single winner and a \$3,000 check is mailed to the successful applicant by September 1.

Applicants are awarded point values for senior year high school class ranking and grade point average for full-time students already attending a college, university or trade school. Additional

points are awarded for academic achievements and school-related activities. Finally, applicants are awarded points for their responses to three essay questions.

Member companies are encouraged to match the AFT scholarship award, making the grant worth \$6,000.00 to the winner.

Complete Scholarship Program information is available from the AFT Executive Office and the AFT web site at <http://www.aftweb.com>.

**Scholarship Information**

The \$3,000 scholarship award is available to any employee or a son, daughter, spouse, stepchild, grandchild or ward of an AFT member company employee enrolled as a full-time student at an accredited college, university, business school or computer-oriented trade school.

The selected Scholarship Application and Scholarship Essay Questions form are due in the AFT Executive Office by Thursday, July 1, 2009.

The winner will be announced at our 2010 Annual Meeting in Napa, California.