

# AFTech Letter

Association For  
Financial  
Technology

**SPRING MEETING**  
March 13-15, 2011  
Sanibel Harbour Marriott  
Resort & Spa  
Fort Myers, Florida

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## AFT Annual Meeting Brings Out Record Turnout

*Maybe it was just the ideal gathering of forces — a spectacular setting, critical industry timing, and the right mix of decision makers. Whatever the reasons, the Association for Financial Technology hit on all cylinders with what many attendees called "the most successful meeting ever" thanks to a record turnout, outstanding presentations and timely topics.*

More than 145 people, representing 74 financial technology organizations, attended AFT's 39th Annual Meeting at the Meritage Resort & Spa in beautiful Napa, California.

Once looked at as one of the secret treasures of the industry, AFT's semi-annual conferences are now seen as critical stops for financial technology executives. An AFT meeting provides a place where competitors, partners, and those who are nonaligned can gather to learn new aspects and exchange ideas about the financial technology industry.

Bob Ezell, Vice President of Product Marketing at Computer Services, Inc. set the tone for the conference with stimulating opening remarks to kickoff the meeting. "Attendance here serves a purpose, as thought leaders in our industry we need to see what we can do better and learn from each other to help our industry survive." There was plenty to learn at sessions focused on a range of significant industry topics including the economy, leadership, mobile banking, social media, the future of the industry, and



*AFT President, Bob Ezell, raises his flute in a toast to First Time Attendees who assembled for special recognition immediately prior to the Sunday evening Welcome Reception at the Association's 2010 Annual Meeting in Napa, CA. Bob had a lot to smile about. The meeting set an all time attendance record for AFT.*

positioning companies for maximize value. The interactive sessions, an AFT's staple, included a CEO interactive with more than 40 senior executives

"Our industry has been through a lot of ups and downs in the recent past, AFT has been here to help us weather the storm, leaders need support, particularly in uncertain times...that is what AFT is all about," emphasized AFT President-Elect David Foss, President of ProfitStars.

### Introducing the New Directors...

- **David Culbertson**  
Computer Services, Inc.  
Paducah, KY
- **Steve Hufford**  
Raymond James & Associates  
Atlanta, GA
- **Terry Lyons**  
Fifth Third Bank  
Cincinnati, OH

## Letter from the AFT President

Dear Fellow Associates:

Thank you for your continued support and participation in the Association for Financial Technology. This past year has been an unprecedented year of growth for our association and our recently completed annual meeting saw attendance numbers at an all time high. We now have 74 member companies and continue to receive regular inquiries from new prospective members. Why this significant growth for an organization like ours during such challenging times for our industry? I think it is because AFT has been here through all of the turmoil to help us as leaders of our respective businesses. That help may take the form of speakers and presentations regarding the economy or emerging technology, information sharing through peer-to-peer discussions, or commiserating over a beer at the end of a conference. Regardless of the venue, AFT has been, and continues to be, here to help all of us weather the storm and serve our industry even better.

Just a couple of weeks ago, I was reading an article in the Dallas Business Journal about the fact that leaders need support - particularly in uncertain times. The author of the article said, "Leaders tend to have a greater challenge in finding support because they may have fewer or no peers, or they may be reluctant to reach out to others." As I read the article, I could not help thinking about AFT - that is what we are all about. I have made lots of friends and contacts through this organization and it is during the tough times that you really value those relationships.

AFT is a meeting driven organization so it is paramount that we provide relevant and insightful content at our meetings to help us all serve our industry better. Toward that end, we have already begun the planning process for our spring meeting in Sanibel. Each year the challenge to raise the bar on quality, content, and strategic direction is presented to our volunteer board and each year we strive to meet that challenge. Kevin Tweddle from Fiserv Bank Intelligence Solutions will be the Chairman for our 2011 meetings and as always, we will use your input from previous meetings' surveys to design our program content.

I am happy to announce that we elected three new board members during our annual meeting in Napa. We had an outstanding list of candidates for board positions this year and I hope those who weren't elected will run again in the future because I know they have a great deal to offer to our organization. The newly-elected board members are David Culbertson from CSI, Terry Lyons from Fifth Third Bank, and Steve Hufford from Raymond James & Associates. As we welcomed our new board members, we also have a



David Foss, President of ProfitStars, will lead the Association for Financial Technology as its President over the next 12 months.

couple of board members whose terms have expired. I would like to thank Randy Fluitt and Steve Proud for their diligent and dedicated service to the association. They were both extremely active in new member recruitment as evidenced by the extraordinary growth we have seen in the past few years in membership. I also need to thank our Past President, David O'Malley, who has served as our Scholarship Committee Chairman this year. He has provided many years of service to AFT as a board member, AFT President, and Past President. Additionally, I would like to thank Bob Ezell for his leadership as President of the association for the past year. Bob did an outstanding job as our leader and has left some big shoes to fill. He will, of course, continue to participate at the board level as our Immediate Past President.

During the coming year, we will continue to focus on increasing our membership and delivering quality content at our meetings. I would like to reiterate a challenge the board made to all of you last year. The challenge is to try to get a company you work with, at least one company, to join AFT in the coming year. You are our best marketers because you can articulate the value of this association better than anyone. I would ask you to prove that you see value.

If you have any questions or concerns prior to our upcoming meetings, please feel free to contact any AFT board member, the AFT Executive office, or me. Our contact information is available on our Web site at <http://www.aftweb.com>.

Thank you again for being a member of AFT and thank you for giving me a chance to serve you - I am honored to have the opportunity.

Sincerely,

**Dave Foss**

President, Association for Financial Technology





## KEYNOTE

# Economist Predicts a Sluggish Recovery with Moderate Technology Business

"There is a great deal of uncertainty, because we do not have a good understanding of what caused the worst economic downturn since the Depression. If you don't have a good understanding of what caused it, you can't be very sure of what lies ahead," remarked economist Dr. Robert Genetski in his revealing keynote address at the 2010 Association for Financial Technology Annual Meeting.

Genetski provided a framework for his economic analysis. He described, "An economist is someone who loves to play with numbers but never had the personality to make it as an accountant." Among the conclusions that he drew during his presentation -

1. The recovery that began a year ago is in danger of stalling out over the next six-nine months.
2. Interest rates and inflation are going to stay relatively low and the employment rate will top out at 10 percent.
3. Because the government is spending - and borrowing - a lot of money, people who want to get financing will have difficulty finding financing. As a result, financial institutions are under enormous pressure.
4. Major policy changes are on the horizon.
5. All the barriers for a real sustained recovery are things that we have put in place and we have the power to change them.

He also defined the difference between Keynesian economics ("we are the cause of the booms and busts") and classical economists, ("booms and busts are attributable to government interaction and policies"). Genetski prefers the classical economic philosophy. "On balance people make pretty reasonable decisions," he said, adding, "Both of these views cannot be right." Genetski also explained that for the first time since the Great Depression the Federal Reserve reduced the money it introduces into the economy. He believes the current economic environment will be a sluggish recovery until the Fed adds money, and that the increased costs come from higher taxes, government policies and the environment. Financial institutions are under pressure until the Fed loosens its monetary policy. He also said that there is a delayed potential for



Dr. Robert Genetski delivered the Keynote Address at the AFT's record-breaking 2010 Annual Meeting in Napa, CA.

higher inflation.

He thinks the financial technology industry should anticipate moderate demand for the next 6-9 months. Genetski suggested that FinTech businesses should monitor bank reserves to help anticipate spending trends further out; and guard against potential future price increases. "Focus sales efforts on the healthiest banks. They need technology, with paybacks, and potential to reduce workforces."

"Money is an extremely powerful tool, it has the power to lead us to a boom or bust. Our country was founded on classic economic principles, that is what we end up going back to," surmised Genetski.

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

- *Although the future is uncertain, it was beneficial to receive Dr. Genetski's outlook on the macro economic challenges our country faces. This hits at the core of what all small businesses are wrestling with today - at what pace will the economy recover.*
- *I enjoyed the conference very much. I learned a lot from the speakers and other CEOs*
- *First timers impression....one of the best...I am coming back and recommending to all.*
- *The networking and small group makes AFT the perfect size group*



## CEO KEYNOTE

# Intuit President Looks at Evolution and Future of the Industry

Sasan Goodarzi, President of Intuit Financial Services, delivered the CEO Keynote address at the 2010 Association for Financial Technology Annual Meeting.

"The mission of our company is to change people's financial lives so profoundly that they can never imagine going back to the way they used to do things," said Goodarzi. He explained that Intuit is a company that serves consumers and small businesses and those that serve them.

What Intuit practices and preaches every day, said Goodarzi is to apply its two core capabilities - finding an important customer problem that is unsolved and find things the company can do to solve them in way that delights customers. Design for delight is comprised of very small cross-functional teams that see the customer opportunity and works with customers to eventually launch a product that gets it right the first time.

The ultimate outcome is:

1. Being very clear in delivering customer benefits.
2. People actively use whatever has been created.
3. That it is so persuasive is what it does that people tell everybody about it.

It is a proven formula, "Technology data is king," he

stressed. However, secular shifts are transforming the company. Intuit is embracing three environments: social ("we are very focused on building social into every one of our products"), to capitalize on its large and growing customer bases to un-



CEO Keynote, Sasan Goodarzi

leash the collective power of user contributions, behaviors and data; mobile, to deliver "in the pocket" when that is the preferred solution; and global to employ the world's talents to find and solve important problems around the globe.

"We know that we will make mistakes, the key to success in transforming this world is customer-driven innovation and design for delight. We will learn through our customers, we will learn through rapid experimentation, we will learn through the benefit we are trying to deliver and what's important to them...and that will be the key to success," stated Goodarzi.

## LEADERSHIP

# Becoming a Values Based Leader



Harry Kraemer received rave reviews for his presentation at the Association for Financial Technology's 2010 Annual Meeting in Napa, CA.

Harry M. Jansen Kraemer, Jr., Executive Partner at Madison Dearborn and Clinical Professor of Management and Strategy, Kellogg School of Management instructed the audience on values-based leadership principles at the 2010 Association for Financial Technology Annual Meeting.

Kraemer spoke of the certain leadership goals that he finds helpful. That is the importance and benefit of keeping things simple. "People in leadership have a tendency to make things complicated." He also touched on utilizing common sense in making decisions and referred to the quote attributed to Mark Twain that

"common sense is very uncommon." The guest lecturer also referred to the importance of getting people thinking about leadership as quickly as possible. "People who are leaders, start leading way before they are leaders." Remember it is a journey, "You can always be better than the day before.

Four helpful things to keep in mind for creating values-based leadership

- **Self-Reflection** - Is it activity or productivity? A leader figures out how to turn off the noise and plot out the important goals, and learn how actions fit personal values. "Take time to think," he explained. Knowing what you are going to do with the 168 hours in every week helps people focus on what is really important, and whatever happens that week. Being self-reflective allows you to be present for everything that happens every moment

of your life so at the end of the week you do not have any regrets.

- **Balance** - Someone who is a leader takes the time to understand all sides of an issue.
- **True Self-Confidence** - People who take the time

## INDUSTRY INSIGHT

### **The Future of Banking: From Data to Meaning...And Beyond**

*Lee Wetherington, Director of Strategic Insight at ProfitStars, delivered a lively and perceptive presentation on what to expect in the banking industry over the next few years at the 2010 Association for Financial Technology Annual Meeting.*

Challenges are three-fold. Usability is the first and primary challenge. Then there is security, that is safeguarding the information. The last item is saturation, "we are all challenged by saturation, it is the defining challenge of the 21st Century." Saturation paralyzes consumers.

Wetherington pointed out that people today digest 350 percent more information every day than they did 20 years ago. You need to simplify every choice architecture to three good options and nudge them toward the architecture that makes most sense.

to realize there is always going to be people better than me but try to get better anyway. Knowing "I don't have to be right" all the time.

- **Genuine Humility** - "Take the time to realize every single person matters."



*ProfitStars' own Lee Wetherington captivated the audience with his entertaining and informative presentation to close a highly successful 2010 Annual Meeting. One meeting attendee simply commented "WOW!"*

Financial technology companies need to steer customers away from making bad choices because as a society we are faced with decision fatigue. "Sustained focus and thought is becoming a rare thing" he said. That is why businesses have to figure out how to get people to give sustained focused time.

Consumers want security, personalized experience, and proactive communication. "They don't want to know everything. They want to know the right thing for them." Businesses want ease, control and cost reduction. "It's about giving them an option." You have to simplify and nudge.

Then there is the usability issue. "We've got to get the usability right or we'll will be left out," said Wetherington. Banks, for example, are still in a batch processing environment. Seventy percent of banking happens online so banks need to understand the channel. Banks need to make accountholder information available immediately because customers expect it. They need to be real time.

Financial technology companies should to understand, he emphasized, that they need to help clients to navigate a complex and saturated world. "We have to simplify the options we give to our clients and help them to empower choice," said Wetherington.

*To see a streaming  
video of Lee  
Wetherington's lively  
and perceptive presenta-  
tion "The Future of  
Banking: From Data to  
Meaning...And Beyond"  
go to the associations  
web site at  
<http://www.aftweb.com>*



## SOCIAL MEDIA

### Adding Value to the Organization

Brian Otte, Senior Vice President of Corporate Development at Perimeter E-Security and Charles Potts, Managing Director of Business Alliances & International Sales at ProfitStars delivered a primer about social media, and how it can add value to organizations at the 2010 Association for Financial Technology Annual Meeting.

The overview defined social media as a communication channel supported by online tools; and differentiated it from social networking, which is a category of social media. "One thing I saw interchangeably is that the terms are used interchangeably...but there is a very broad spectrum that encompasses social media," explained Otte.

"It is a very prolific fast-growing fast-moving marketplace," pointed out Potts. What is social media all about? It is about engagement, getting people

involved that include communication, collaboration, education and entertainment. It is also about content, which encompasses content contributors, sharing and preparation.

The Big Three are Facebook, Twitter and LinkedIn. The important issues for AFT was how businesses used Twitter for instance to become credible sources of information, and how companies can use that to answer questions about service, mention updates related to the company and drive traffic to press releases and the company Web site.

The number one reason businesses fail with social media is the companies that comprehend it understand the interactive part of it and do not just use it to pump their chests out. They put out meaningful content.

Social media's value is that it creates opportunities for first, and even second movers, and to become relevant in your field. It can improve traffic patterns to your site and you and your organization credibility. For smaller companies a big following could matter to someone acquiring them. "It is not going to replace your marketing strategy, it is another tool, but it is growing in importance," emphasized Potts.

An important item companies should consider is creating a social media policy. "Statements can be made about your company that does not represent company policy," said Otte. They should also consider privacy settings, location awareness, and knowledge that many online communities created by businesses do not succeed.



This "Dynamic Duo" of Charles Potts (left) and Brian Otte earned very high marks for their co-moderator roles during the social media session at the AFT 2010 Annual Meeting.

### AFT WINE COUNTRY SCRAMBLE GOLF OUTING

*Eagle Vines Vineyards and Golf Club, Napa CA*

*Winning Team*

**Jim Bannister**

*AFT*

**Bill Dinker**

*EFT Source, Inc.*

**Bob Ezell**

*Computer Services, Inc.*

**Jack Prim**

*Jack Henry & Associates*



*pictured left to right  
Bill Dinker, EFT Source, Inc., Bob Ezell, Computer Services, Inc., Jim Bannister, AFT, Jack Prim, Jack Henry & Associates*





# Is it Ready for Prime time?

Mobile banking has been viewed as the next breakout-banking channel for years but only recently has it shown legs. Bob Landry, Vice President Banking Group Services, Mercator Advisory Group, focused on whether the delivery mechanism is an evolutionary or revolutionary channel at the 2010 Association for Financial Technology Annual Meeting.

"Every new channel, starting with ATMs, was going to eliminate something," explained Landry. He looked at how:

- Mobile expands and improves the multi-channel delivery capabilities now offered by financial institutions
- The mobile channel is evolving
- Its impact on existing channel volumes; and what are the unique opportunities that mobility offers to banks to build relationships

First, he said, bank delivery channels are the key to customer satisfaction. "When a bank works to improve their relationship management, it needs to ask the customer 'how does it improve your experience,'" suggested Landry. Branches represent 80 percent of the total delivery cost, but just like retailers, you need location. He pointed out that the most important channel is the Internet channel. "The issue with the Internet channel is access," said Landry. However, 74 percent of adults now have Internet access. This is important because the more Internet usage you get the more opportunities financial institutions have to promote and cross-sell.

## MERGERS & ACQUISITIONS

# Position Your Company to Maximize Value



Scott Stiegler of Stephens, Inc. offered his views on positioning your company for possible merger or acquisition

*"Valuation multiples for financial technology companies have rebounded from March 2009 lows, but have not returned to peak 2007 levels," explained Scott Stiegler, Managing Director of the Stephens, Inc., at the 2010 AFT Annual Meeting.*

Stiegler surveyed the general market conditions

Mobile banking "from an access point is another important channel." It presents some unique options for financial institutions to utilize. As an access channel, mobile phones are always on, and present immediacy for customer usage. Landry explained that mobile is necessary to increase online banking adoption, access, usage and relationship depth. This is especially true since mobile applications for routine financial tasks are more openly received now than ever before. The new capabilities are key factors in expanding usage and relationships.



Bob Landry, VP of Banking Group Services, Mercator Advisory Group, shared his views on the future of mobile banking at the AFT 2010 Annual Meeting in Napa, CA

However, security confidence is still, and will probably be for sometime, an obstacle. While mobile security confidence increases with experience, it remains low overall. "This is the greatest barrier for people using mobile phones as a payment system," said Landry. Still "there are a lot ways to connect mobile to online banking to make it more viable," he concluded.

and how they impact merger and acquisition activity. He reported that bank IT spending is slowly improving with increasing focus on risk, compliance and customer facing applications, the core processing space, payments, and good sales and improving booking numbers.

He also looked at the valuation drivers in financial technology including market opportunity, which deals with the size and growth of the addressable market; the business, which focuses on the scale, scope and nature of revenue; technology and operations, is it in-house or hosted; risk management and compliance, the



regulatory impact on business; and management such as prior successes and depth.

In maximizing value as a seller Stiegler touched on making the decision to explore alternatives and recognize the time commitment to run a process, cleaning up financial statements, ensuring compliance to all applicable rules and regulations.

To maximize values as a buyer Stiegler suggested

"there is no such thing as a small deal in terms of effort, seek sizeable deals that will generate a meaningful return; know what you are trying to accomplish through M&A, not to get lost in the numbers; beware of making overly aggressive synergy assumptions, focusing on retention of key target employees; and determine what is the all-in enterprise value."

## INTERACTIVE SESSIONS

# Members Share Openly to Improve Industry

*Offering up opinions, suggestions and issues in an environment that includes competitors is uncommon in life, never mind industry conferences, but somehow Association for Financial Technology meetings provides the right atmosphere to allow participants to be comfortable enough to openly exchange comments and views. The 2010 AFT Annual Meeting was no difference allowing attendees to be opening voice ideas and views in two interactive sessions.*

David Culbertson, Vice President of Computer Services, Inc. and Rob Daley, President of Intelligent Banking Solutions moderated the interactive session; and Wayne Whaley, President of Proformance, Inc. moderated a special CEO interactive.

Here are some snippets of the discussions:

### **Risk Factors When Dealing with Small Companies**

- It can be successfully done. Be open with your models.



Kevin Tweddle, COO of Fiserv Bank Intelligence Solutions (left) responds to a topic at the CEO Luncheon & Interactive Session; Rob Daley (center) and David Culbertson (right) were effective moderators for one of the Annual Meeting's popular Interactive Sessions.

- We're more interested because it solves an issue with our customers.

### **Sales Training - Relationship Selling**

- Focus on ROI.
- Get the most successful sales people involved.

### **Staffing for Social Media**

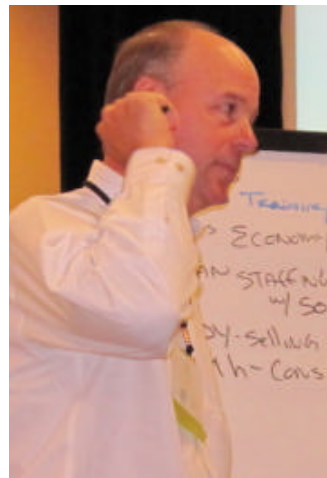
- Need to get your chief marketing officer involved.

### **Selling online**

- All the selling I do revolves around their Web site, demos and email.

### **Economic Trends**

- We're seeing increased debit card spending.
- Seeing more RFPs, for core processing changes.
- I don't see any positive upturn.



## James E. Stoner/Allan W. Balch Memorial Scholarship Winner Receives \$3,000

Joanna Loewen, sponsored by Data Center Inc., Hutchinson, KS, received The 2010 James E. Stoner/Allan W. Balch Memorial Scholarship and a \$3,000 check.