



Consortium for Global Electronic Commerce

University of Wisconsin- Madison

E-Commerce Adoption Roadmap for Credit Unions

Project Sponsors:

**CUNA & Affiliates,
Credit Union Executives Society (CUES),
and CUNA Mutual Group**

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January 2002

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Acknowledgements

The world of e-commerce is changing at a pace that challenges both credit unions and consumers alike. As credit union leaders adopt e-commerce, the need has become apparent for a comprehensive study – a roadmap of sorts – to guide the way in understanding e-commerce challenges and opportunities. Throughout these pages, the reader will find information on such topics as developing e-commerce strategy, necessary technology components, and personal viewpoints on challenges faced and lessons learned from other credit unions at various phases of e-commerce adoption.

This paper was developed through the efforts of a number of credit union organizations, along with graduate students and faculty from the Consortium for Global E-Commerce at the University of Wisconsin – Madison. The writer gratefully acknowledges her advisors for providing guidance in developing the research instruments, in conducting the case study interviews, and in creating the final report:

Alfonso Gutierrez, Director of Research and Education,
Consortium for Global E-Commerce

Dr. Raj Veeramani, Director, Consortium for Global E-Commerce

Sincere appreciation also goes to the following credit union personnel and organizations for providing support and input on this project:

Doug Benzine, VP, Electronic Commerce Solutions, CUNA & Affiliates

Mike Braun, VP, Market Planning, CUNA Mutual Group

Bob Ferderer, VP, IT Internal Operations, CUNA Mutual Group,

George Hofheimer, VP/Professional Development, CUES

Sue Racine, Account VP, Association Relations, CUNA Mutual Group

Franck Schuurmans, Senior VP, Business and Professional Development, CUES

Ellis Waller, Product Manager, Electronic Commerce, CUNA & Affiliates,

Connie Wiegshaus, VP Information Technology, CUNA Mutual Group

The assistance of various individuals at each of the participating credit unions was also invaluable in the creation of this paper. Their insights have made the document so much richer. Contact information for these individuals is shown in each of the case studies.

Lastly, the writer would like to acknowledge two individuals for their guidance and input on the technology-related aspects of this paper:

Brad Green, Partner, Cysive, Inc.

Marshal Kipp, Program Manager, Electronic Data Systems (EDS) Virtual Branch Services

The workgroup welcomes suggestions for future efforts in research on e-commerce as related to credit unions. Please direct comments or requests for additional copies of the report to Sue Racine at sue.racine@cunamutual.com, 800/937-2644, ext. 8747.

Executive Summary

Due to the nature of the products and services they provide, credit unions stand to benefit greatly by e-commerce adoption, both in improving service to members, and eventually in saving processing costs. As the financial services industry continues to adopt technology, the need for credit unions to adopt e-commerce becomes more imperative. The questions facing credit unions of all sizes thus have shifted from *when* to adopt e-commerce, to *how to do so*. This study defines three distinct phases of e-commerce adoption, and discusses at length the relevant topics for consideration at each phase.

Phase I, characterized by the creation of a website, offers credit unions an opportunity to begin their e-commerce adoption journey by offering static informational content (e.g. locations, hours of operation, etc.) online for member convenience. Phase II encourages member retention and potentially member growth by adding value to members through automating business processes. At this phase, two-way transactional content is shared across the Internet, enabling such things as online banking, online loan application, and other automated transactions. Phase III technology enables full integration of member contact across all credit union service delivery channels, bringing even greater value to members and increasing the potential for cost savings in the provision of services.

As the majority of credit unions are just beginning to adopt e-commerce, the need was identified for a document that could serve as a helpful guide - a roadmap of sorts - for the journey. Within the paper, the reader will find descriptions (for each phase) of e-commerce strategies, component technologies, and relevant organizational structure. In addition, discussions of outsourcing, privacy and security issues, and e-commerce-related marketing are included that cut across all three phases. This material is supplemented at each phase by individual case studies of 11 credit unions, sharing frankly and openly what they have learned along their individual journeys. A final section provides a reprise of the contents through a discussion of successful practices, and continues the journey by addressing further considerations.

Findings from this paper have shown that e-commerce is in fact, just another service delivery channel for credit unions. Thus, potential mystique associated with some of the technologies is tempered by the recognition that the same sound business practices credit unions apply to running their Call Centers and brick and mortar offices prevail. As with the launch of any new distribution channel; creation of strategy, establishing of performance measures, analyzing potential channel conflicts and redundancies, and adequate marketing are some of the critical considerations for assuring the desired results. For those credit unions that have not yet begun to adopt e-commerce or are at early stages of adoption, this paper provides a holistic look at e-commerce adoption, providing useful guidelines for setting the stage at an early phase for later integration. For those credit unions at later stages, challenges faced and lessons learned are shared to aid the journey.