

Remarks by John Hunkin, Chairman and Chief Executive Officer, CIBC to the Canadian Club of Montreal

March 26, 2001

We all live and work in a society in constant search for new solutions to old problems. Every year, people latch onto new diets, creams, exercise regimes and self-help books to fix what ails them. And companies wait impatiently for the next management theory or technology that promises "faster, better, smarter".

As a society, we embrace the myth of a magic formula for success. And in recent times, that formula seems to be bound up in technology. But technology is not all-powerful. It's a tool, not an answer.

Success will never be just about technology, however faster, better and smarter it may be. It's just the ticket to the game. The game will be won -- not by technology, but by how your employees use it to add value to customers.

Wal-Mart uses technology for distribution and inventory management, and it's crucial for cost control and sales. But Wal-Mart customers don't think or talk or care about technology. They comment on the excellent service they receive from Wal-Mart staff. Technology is something that Wal-Mart has in order to be what it is: a low cost, service-oriented retailer.

Here's another example of technology's role in customer satisfaction. CIBC has partnered with Loblaws in Canada, and Safeway and Winn-Dixie in the US to provide electronic banking services in their own house brand. It works like this. After customers shop for groceries, they can walk over to the banking pavilion to deposit a cheque, get a loan or renew their mortgage. They can also access their accounts -- at home or work -- over the Net.

Recently, we asked Safeway Select customers why they liked using this service. We assumed it would be because of the technology. And we were surprised to find that technology wasn't even mentioned. In fact the number one reason why Safeway Select was so well liked... was the staff.

Safeway Select staff knows their customers -- often well enough to greet them by name as they pass by with their grocery carts. Customers also raved about the professionalism and warmth of the staff in the telephone call centre. We realized that the key reason for our staff's high rating was that technology has removed almost all of their paper work. They now have lots of time to focus on customer service -- and it's showing in customer approval ratings.

Technology can do so much that it is tempting to see it as a magic formula for success. After all, it can improve a company's understanding of its customers by turning data into meaning in a keystroke. Today's numbers become strategic insight to tomorrow's investments in marketing, products, and factories.

But technology is a double-edged sword. Corporate history is strewn with the carcasses of companies that didn't muster the will or imagination or speed when a new opportunity appeared. However innovative a technology is on Monday, on Tuesday it's just a tool gripped in the hands of all your competitors.

Used well, it can strengthen your connection with the customer. Ignored or misused, it will cull the weakest companies with the same ferocity and speed as a leopard in a pack of gazelles.

Technology has the power to make your customers very happy or very unhappy – and in this day and age, companies find out quickly. We're all trying to make our products and services stand out in a crowded competitive environment. This is a fast-paced, high-pitched world to work in, live in and compete in.

In fact, I find that one of the frustrating realities of the 21st century is information overload. Today we are bombarded with information by email, snail mail, couriers, faxes, the internet, telephones, print media, television, radio, wireless devices and even elevators, bus shelters, benches and the little stickers on fruit in grocery stores. Our mental in-baskets are full to overflowing.

In the midst of this data deluge, people have become multitaskers. You know, just the other day I caught myself watching the news on TV while checking my voicemail, eating a sandwich, reviewing a document on my laptop, and trying not to spill my coffee on the keyboard. There's a study showing that people are compressing as much as thirty hours of activity into a typical day, thanks to multitasking. It's ironic that the time we save using technology is being consumed by more technology.

The people in this room today represent most, if not all, of Canada's key sectors – from resources and services to technology, manufacturing, and government. Technology's ability to create or destroy customer satisfaction is an important issue to all of us. Regardless of your sector, know with certainty that your customers have more information and choices at their fingertips than they could ever want or need.

I know I can't absorb the information that floods over me every day. More is not always better. And so I have learned to screen out information and become selectively deaf. I will only respond to information that is meaningful to me. I do this not just in my personal life, but in my professional life. My goal for CIBC is to be simple, straightforward and meaningful in the way we meet customer needs.

As Emerson pointed out, it's very hard to be simple enough to be good. But that's what we're doing. We did a lot of research on what our customers like and dislike about CIBC. We found that we've made banking unnecessarily complex and time consuming.

For example, over time, we've built a menu of 350 personal banking products. I've seen this menu. I've never quite been able to finish reading it, and I suspect that no one else has either. So we're reducing this menu so that customers have several simple and straightforward options for their chequing, savings and investment needs.

Other examples: we now have technology that approves about half of all mortgages in less than a minute. And we're implementing bill payment by email and electronic signatures to make banking more convenient for customers.

And then there's Amicus, now three years old and the largest electronic bank in North America. Here, we've partnered with a number of companies – like Yahoo! Safeway, Winn Dixie, Loblaws, and Business Depot -- to create truly unique banking services.

For example, our grocery store partnerships combine no-fee banking, with very low rates on mortgages and loans -- plus extraordinary customer service. And customers have responded by giving our Amicus partnerships some of the highest customer satisfaction ratings in our industry. Amicus now has almost 600,000 customers and is acquiring new ones at the rate of 30,000 a month. CIBC is continuing to seek out new technology that will strengthen our connection to customers.

And there is no scarcity of innovations and enhancements. We're finding that today's technology innovations become tomorrow's commodities at lightning speed.

Let me give you an example. When technology first touched banking, banks recognized it as a way to lock in customers. We felt that once customers had gone through all of the work of inputting account information and bill payment information, they would be reluctant to change banks and do it all over again. And we were right... for a while. Customers were sticky.... for a while. And then new technologies began to emerge.

Suddenly it was possible to 'unstick' customers in a few keystrokes and transfer all their account information to another bank. These new account aggregation technologies allow one bank to collect a person's account information from other banks over the Internet and bring the information together on one screen for the customer. All the bank needs is the customer's PIN number and permission.

So technology is continually raising the bar on customer service and customer expectations. Now customers don't have to stay with you because it's too much effort to change. They can move in a snap of the finger. What keeps them with you has to be something more than technology. I think it has to be your employees.

At CIBC, our customers expect the best electronic banking -- telephone banking and automated banking machines and Internet banking. But significant parts of customer service just can't be pushed through fiber optic cable. There are always financial situations where human contact and a physical location are needed. The best technology will not keep customers happy unless they have access to a human being.

Even customers who do virtually all their banking through technology still want to know that there are people that they can talk to.... people that they can trust.

The trust that banks enjoy today is earned and re-earned every day by its employees. Security in cyberspace remains one of the most important issues for consumers. It has made the professionalism and integrity of banks and their employees more important than ever.

That is why CIBC is revamping our branch network. We're spending hundreds of millions of dollars on technology to support -- not replace --the people who earn our customers' trust.

We know that we have work to do in the area of customer satisfaction. Today, 60% of Canadians think their bank does a very good or excellent job. That's not good enough: it means that 40% think banks are not doing a good job. Technology is part of the answer; the other part

is better customer service skills. By the end of this year, 10,000 of our employees will have completed customer service training in our new CIBC Retail University.

CIBC is more than a century old. In that time, we have built a customer base of about 7 million customers. Technology has given us the opportunity to reach millions more over the next few years. But it can't distinguish us. Only our employees can win and keep customers.

When I started at CIBC in the sixties, there was a joke that said the biggest change in banking in decades was the introduction of air-conditioning. This joke died an abrupt death in the eighties with the rise of globalization, global capital markets and technology.

The Internet and its unparalleled connectivity led experts to suggest that banks were an endangered species. Dinosaurs, in fact. But we're flourishing, mainly because customers prize the safety, security and personal service.

The importance of trust in Internet transactions today is so great that some futurists are predicting a new role for banks. Individuals will look to banks to create their personal portals on the Internet. In that way, their finances will be the home base for their travels through the Net. This is a huge opportunity for banks that understand how tightly technology and customer service intermesh.

In the meantime, the search continues for the next "magic formula for success". But I really don't think that we have to look any further than our employees.

In closing, I'd like to say how pleased I am to be a part of the Canadian Club series and its high technology theme. Projects like Cité du Multimedia, and institutions like the Biotechnology Research Institute clearly stand at the cutting edge of the digital age. My congratulations and best wishes for more successes like these.

Thank you.