




Getting Maximum Value From Your Core Provider

by [Steve Brown](#)  [technology](#) [core provider](#) [performance](#)

Summary: Core providers may not be the first thing that community financial institutions think of when looking for ways to innovate for their customers. However, core providers can prove to be helpful partners as you develop and manage innovative solutions. Here are four considerations to tap into all that your core has to offer.

Interestingly, the world's longest roller coaster is not in America. In fact, it is in Japan. The Steel Dragon 2000 is over a mile and a half long, has speeds up to 95 mph, and includes a 307 ft drop. We can only imagine all the roller coaster aficionados out there that will be clamoring to ride the Steel Dragon 2000 now that the word is out!

Bank customers may not be clamoring for the Steel Dragon, but they are certainly clamoring for innovative banking products and services. With this ongoing demand, community financial institutions (CFIs) need to find ways to provide them with innovative and compelling solutions. One way that CFIs can do this is to make sure they are getting maximum value from their core provider to keep their digital-savvy customers content.

Yet, many CFIs don't seem to be communicating their needs effectively with their core provider and not understanding what may already be offered to them. One consultant says nearly half of his CFI clients communicated so inadequately with their core provider that the relationship broke down.

To avoid this situation and uncover existing options, **here are four ways to tap into all that your core has to offer.**

1. Assign specific personnel to interface with your core provider. One staffer can oversee the overall relationship with the core provider, working collaboratively with "application owners" within each business line or function. These experts can best determine what the institution really needs, based on customer requirements.

"The people who are closest to the customer need to understand and offer suggestions on implementation, function and communication," says the CEO of a Midwest \$4.5B CFI. *"Our operations and IT teams are the ones who stay current on product releases and help support the products. They work with the front lines to ensure clear communication about potential customer impacts."*

The core expert can also ask for assistance for critical projects from the core provider, where the core provider experts can serve as extensions of the CFI staff to help see these projects through.

2. Conduct periodic technology utilization reviews. These reviews are especially important if you have a few years until your contract renewal. But, it should be done on a regular basis regardless of your contract renewal date. These reviews can determine any gaps in what the provider already offers and what the institution is using. CFIs can also take advantage of training offered by their provider. "Invest in the education to learn how to use the system," says another consultant. "There

may be features that you don't even know about." This way, you may not have to reinvent the wheel to keep your customers happy.

3. Negotiate with your institution's needs in mind. Your contract may be coming up for renewal soon. When it does, make sure to have a good idea what you want from your core. When you renewed your core contract 3-7Ys ago, digital banking was in its infancy. These days, it is table stakes. Your core should be providing you with more functionality and features in your new contract. Make sure to incorporate information from your technology review meetings too and don't assume anything. Ask them for what you want up front, so that your expectations are being met.

4. Focus on vendor performance management. Don't just manage risks, but also the core provider's performance to maximize ROI. As part of that, CFIs should make sure the core provider's offerings are scalable, so CFIs can easily add applications as their institution grows. Those CFIs that are growing rapidly should consider a service bureau delivery model that can provide scalability on demand. Core banking systems should be able to easily integrate with customized applications that CFIs have created on their own or with a fintech.

Your core provider may have more solutions up its sleeve than you think. Communicating effectively on your customer requirements and managing the performance of your core could get your institution what it needs without too much additional effort. It may be worth a try.

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ECONOMY & RATES

Rates As Of: 12/20/2021 02:19PM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.07	0.02	-0.02
6M	0.16	0.06	0.07
1Y	0.27	0.02	0.16
2Y	0.65	0.08	0.53
5Y	1.17	0.01	0.81
10Y	1.43	-0.02	0.51
30Y	1.85	0.06	0.21
FF Market	FF Disc	IOER (Interest on Excess Reserves)	
0.08	0.25	0.15	
SOFR	Prime	OBFR (Overnight Bank Funding Rate)	
0.05	3.25	0.07	

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