

Optimizing Your Core System - How to Extend the Functionality of Your Core

If your core processing system can't do something you want or need it to do, you have three options:

1. Ask your current core vendor to provide the functionality.
2. Go shopping for a new core processing platform that does provide the functionality.
3. Find a third-party vendor that can provide the needed functionality as an add-on to your current (or future) core.

Option 1 is not without its challenges. First, your provider may just say no, we can't do that. And if they can do it, they may charge you quite a bit of money to do it. Finally, thinking long term, if your vendor establishes a track record of not providing the things you need before you ask for them, your credit union will eventually fall behind on technology.

Option 2 can produce some amazing results if you shop wisely. However, as we all know, a data processing conversion is likely to be the most expensive, time-consuming IT project your credit union ever undertakes.

Option 3 is creating a lot of buzz lately. That's because a new subcategory of third-party vendors has appeared on the scene: those that provide banking as a service (BaaS). By providing easily deployed cloud-based solutions, these vendors promise to put you in the fast lane of the Digital Transformation Superhighway with no need to invest in a new core. They claim they can achieve the same results no matter which core you're running.

There are some well-known names behind this BaaS movement, so I have to believe it's legit. However, knowing what I know about credit union technology, I also have to believe that there are a few caveats. After all, if we've really reached a point where you can do anything you want regardless of your core platform, all core system sales everywhere will grind to a screeching halt. That just seems very unlikely.

Virtually all third-party products will, in fact, work with any core. The question is: Will they work well with any core?

For example, all BaaS products, as well as many other innovative solutions, are cloud based. So it stands to reason that the easiest integration for these would be with a cloud-based core platform. It seems like a marriage made in heaven.

And exactly how will those third-party systems connect to your core? Modern, well-architected systems – core platforms included – talk to each other via API. That of course means that modern, well-architected systems have robust APIs built in. That makes for smooth, efficient, effective communication going both directions. However, if your core system was built a decade before Sony launched the original Playstation, things might not be so easy.

Keep in mind, too, that BaaS only solves a finite number of problems. As technology keeps on charging ahead, if you insist on sticking with a 30–40-year-old system that's held together with duct tape, you may be able to extend its life by a couple of years through sheer brute force. But sooner or later, you're going to slam into a brick wall.

The only real way to future-proof your credit union is to invest in a modern, well-architected, cloud-based core processing platform. That way, no matter what technology sends our way, you'll be able to say, "Yes, we can do that!"

Remember, unless you're the lead dog, the view never changes. Be the lead dog.



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