



Driving More Efficiency From Core Systems

A CU cannot be efficient or even effective unless they really use whatever core system they have. The #1 thing a core provider can do in this day and age is work extremely hard to get CU leaders and employees to engage their software. The tactics to get users to use software are well known. Think about the tools on a tablet or smart phone: search, context-sensitive help, knowledge databases, blog sites, and constant communication about the nuances of the software and what is happening now. These tools are what core providers need to be focused on if credit union leaders are going to get what they pay for.

Credit unions and core providers should be thinking about the next generation of credit union employees and what they will expect from the core technical platform they'll engage as credit union professionals. You cannot take a tech-savvy kid and take them backwards the first day on the job. Efficiency will be realized by having fast, self-learning employees join your team. Find a core processor that works hard on the idea that they should earn their money by seeing the software engaged and active in the lives of members.

We've been through years of best-of-breed, quasi-integrations with core systems. By "quasi," I mean they are linked together but they are nowhere near native, or even at a stage someone might judge to be a compatible or "deep" integration. If a CU is going to maximize their product offerings, they need to know that their products can reach all of the endpoints where they touch members. They need to know that the data gathered in any of their member contact points is seamlessly targeted at closing the deal with the member.

For example, if you have a loose integration with an online new membership app, you first need to understand that you will be paying for a lot of members who don't finish the process. They walk away in the middle, and you need to follow up with these as you would any lead. Where does the data go? How does it get to your call center? How do you remember to talk about leads gathered from loose integrations like this? It is fun to say you have something - an implied solution - but if you are going to get the most from your products, they have to go further than just a simple link. They need to automate to the core. Take some time to think about native and deep integrations if you want the most from your product offerings.

By no means is it always more cost effective and efficient to utilize a service bureau solution versus an in-house system. Thank goodness there is still room for credit union leaders to get creative based on understanding their own strengths and internal resources, along with their business plan. While cloud and service bureau solutions today clearly have their strong advocates who believe this is the wave of the future, we have seen the popularity between in-house and service bureau solutions fluctuate over the years. The better question is, with the option to combine service bureau and in-house solutions, what is the best mix for my credit union today? Certainly the cost of redundancy can be shared more effectively in a service bureau. But there is still room for looking at how your employee costs differ based on your individual circumstances, and that may favor in-house. It comes down to what the culture of your organization is, and what your team sees as its strengths. It is not black and white; don't jump to conclusions too easily.

When it comes to getting a big productivity boost, most credit unions need to think about systems that allow them to redefine their business plan, their team designs, and the way they think about generating revenue. So systems like native participation lending management (as both the source of the loan opportunity and the source of partner liquidity), secondary market loan support, online credit card servicing, and products that connect credit unions with credit unions to build businesses, are the ones we talk about the most today.

Almost every credit union feels a great deal of pride in the way they do things, such as teller processing, loan origination, and taking care of members. But sometimes that pride can desensitize an organization to considering other points of view. Our network allows credit unions, through our Learn-From-a-Peer programs, to actually witness and research how other people do things, with the same tools at the lowest possible cost. Productivity gains come from innovation, and innovation starts with looking for ideas outside the boundaries of a single organization. Learn-From-a-Peer does that with a click.



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Randy Karnes has been CEO of CU*Answers since 1994, a credit union-owned CUSO that provides core processing, consulting, management, and technology services. An active participant in the credit union industry since 1985, Mr. Karnes serves on the Boards of Callahan & Associates and eDOC Innovations. Mr. Karnes has an infectious vision and drive for bringing credit unions together to explore the power of collaboration in entirely new ways. His enthusiasm for imagining and building new credit union business models has been helping to change the way many credit unions will approach serving members now and in the future.

