

Using Core Systems to Enable Superior Financial Performance

Without a doubt, credit unions that are embarking on core banking journeys must make revenue generation a central part of their business case. The currency of the future is data, and most of the data that will lead to better returns for credit unions is related to members' transactions posted and archived by core systems. The key is for core systems to refocus their databases and their interactive transaction processing to include the story around the transaction in a way that the CU can use that information interactively to add value and anticipate the next need of the member.

No longer can core processors strip data from the transaction for the sake of speed or minimizing the storage space; today's cores need to maximize the data from a transaction and correlate the results to encourage more activity with the member. Credit unions cannot continue to buy data over and over through third-party networks and expensive remarketers of data when the core can simply capture it at the point of contact. Tomorrow's modern cores will anticipate new processes for data and feed those processes first hand for credit union outreach and member response. Tomorrow's core systems will be the engines behind the return on data as currency, enabling CUs to trade on it or be the vault for it. As banking tactics realign in a data-based world no transaction will simply be a deposit or withdrawal anymore - every transaction will be the fuel for revenues and relationship building based on the service after the transaction as well as the convenience during the transaction.

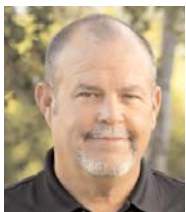
Core systems will reshape data mining from "I will know it when I see it" queries to direct identification of contact groups, automated campaigns for opportunity, and interactive callouts to agents who actively close the deal with members. Core systems will communicate data directly with the executive through executive-designed data alerts. The speed at which mobile leaders of credit unions react to opportunity will double, triple, and quadruple in the next few business years. Expensive big data and retreaded data warehouse strategies might work in industries with billions of transactions to crunch, but credit union retail models will need to rely on more direct data pointers automated to live with the member day-to-day. Core banking will need to be at the center of online, mobile, and EFT transactions to make that possible. Core banking systems need to be revenue generators like never before.

In a world where 80-90% of a member's activities are based on transactions processed outside of the view of credit union employees, the core system must go beyond suggesting a product - it must become the communicator of "what next" tactics. Core systems must be smart enough to trigger events in call centers, automated communication campaigns, Internet discounting, and coupon strategies. Core systems must push credit unions to become more active with online retailer strategies and push value content to members with the precision of a good counter-punching fighter. Too many members miss opportunities to pick the right product or service, and too few credit unions have the system capabilities to automatically match a member situation with the right response. In the future the ways in which a credit union will interact with their members at every end point, from ATMs to online, will change. Cores need to be ready to communicate in new ways, from interactive messaging to face-to-face video, and credit unions will need to be able to communicate their voice through their core, direct to the member.

Driving growth though the addition of new products and services starts with constant member analysis and trending through a product/service penetration database that tracks over the lifetime of the credit union's relationship with the member. The system combines identification, tracking, and rewards and links them directly with the member's online and over-the-counter experiences.

From there CU*BASE adds myriad tools for tracking product and service scores by branch, employee, and member demographics. Product and service scores are cross-referenced with every member indicator you can imagine, from basics like balances and account types to credit score and to analysis of net patronage. Tracking the performance of members and blending that with front office contact tools keeps the product/service score front and center in the minds of credit union team members through the CU*BASE core systems.

Lastly, CU*BASE creates opportunities for growth by allowing employees to quickly create segmented membership populations based on any number of qualifications—where members shop, where they borrow, how their credit scores are trending, etc. - and then feed that population into member contact tools to make the sale.



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CEO

Randy Karnes has been involved in the credit union industry since 1985, and joined CU*Answers (then WESCO) as CEO in 1994. Karnes is known for having 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 approach serving members now and in the future. Karnes' unique vision as a business designer and collaborative entrepreneur set CU*Answers on a path for becoming one of the leading CUSOs in the Midwest.