

Using Core Systems to Enable Superior Financial Performance

There is an increasingly broader view of core systems and what they entail due in part to the build out of various channels, particularly the online and mobile channels. More and more vendors offer a full spectrum of ways to communicate with members through their own software or via partnerships with a wide array of third party vendors that offer specialized software solutions. Every credit union wants to provide the best service possible to all of their members, but many are recognizing that they must pay more attention to their most profitable and loyal members. This has led to a strong increase in interest in data analytics and profitability software.

Only at the very smallest credit unions can employees know every member personally, so the mid-size and larger credit unions must use technology to reach their members with the message about their various products and services. Segmentation is necessary and can lead to better service for all types of members with the goal of finding mutually beneficial products and services. Tracking member behavior can lead to helpful suggestions for both the member and the credit union, e.g., members that often drive to the branch to cash checks might be better served by a short training session on mobile banking and mobile remote deposit capture.

Profitability is not just measured in the number of products and services (or wallet share) per member, but is also affected by many other factors. Back office efficiencies with improved workflows and less handling of paper documents can certainly help by lowering costs, as can detailed analysis of branch by branch activities, labor costs, and efficiencies. Effectively dealing with regulations and compliance requirements is also critical since financial institutions continue to draw more and more government scrutiny.

A core system that is integrated with all of the credit union's channels lowers costs and boosts productivity. Employees need information at their fingertips and a modern core system that is devoid of information silos. Technology is the great enabler here, and when combined with a well trained staff can generate rewards when it comes to cross- and up-selling. With increased competition from powerful non-bank players (PayPal, WalMart, Google, Apple, and many more), credit unions must work hard to develop a sales culture and implement powerful technology in order to remain competitive.

In order to help credit unions better compete against these companies and the large banks, we have developed Credit Union Strategy Packs that are designed to help credit unions chart a better technology course. The Celent Credit Union Strategy Packs will include various reports, surveys, case studies, white papers and more. They will also cover credit union-vendor relationships, technology recommendations, banking trends. Look for them in late 2014 or early 2015.



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Stephen Greer is an analyst in Celent's Banking group and is based in Madrid, Spain. His research focuses on retail banking trends, with an emphasis on digital channel technology. He joined Celent from Springboard Research, where he wrote and consulted on Internet and Communication Technology (ICT) market dynamics in the Middle East and Africa. In Stephen's time at Springboard, he wrote key reports and led projects for major global corporations, influencing strategy across the MEA region. Prior to that, he worked at a small investment firm supporting client relations and data analysis. Mr. Greer got his degree from the University of California Los Angeles. He is fluent in English and Spanish.

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