

Using Core Systems to Enable Superior Financial Performance

I absolutely agree with the contention that any credit union that is embarking on a new core system journey must make revenue generation a central part of their business case. Credit unions are non-profit, but they are still responsible for staying in the black in order to meet their members' needs and to remain viable as a financial institution. The revenue uplift needs to come from non-interest income that is value-based. Non-sufficient fund fees, overdraft protection, payments for special services such as P2P payments, transaction fees and other forms of non-interest income have become essential to our industry. It is completely acceptable to apply these charges and fees on a value-added basis, but they must be managed carefully.

Credit unions should seek core platforms that provide comprehensive access to member data that provides a holistic view of the relationship and allows for a flexible rewards program. Segmenting members by profitability and applying different fee structures accordingly can maximize fee income without offense. For instance, millennials might be happy to have an overdraft protection charge if it saved them from missing a rent payment; however, a high net worth member is best left without penalty for an infrequent overdraft. The same strategy can be used for incentive programs that reward members based on card use, cross sales and overall value to the credit union.

Such segmentation strategies require an open and flexible infrastructure with minimal fees and easy configuration for customizing credit union specific programs. A non-interest income generator is only valuable if the revenue surpasses the cost of implementing and administering the program. Executives need to know and understand all of the overhead customization, configuration and integration fees associated with each core they consider.

In terms of increasing products and services per member, core systems should help credit unions identify a need in their membership, target select members, make the offer, and fulfill the engagement process. A flexible and expandable data warehouse is essential to analyzing both micro and macro views of your business and membership. The macro view identifies opportunities to diversify and promote products. Filtering data down to a micro view provides a comprehensive picture of your total member relationship. Core functionalities can push campaigns to members cohesively across all banking channels. And after the campaign, systems and processes should be set to ensure that interested members are being granted the new product or service and encouraged to begin adoption. Your core functionalities can manage this process from beginning to end, ensuring both cross-sell success, product/service delivery and satisfied members.

Symitar is heavily invested in R&D for our core platforms with a strong focus on adding efficiencies and driving growth. ARCU, our data warehouse framework, is a prime example. ARCU offers flexible and expandable reporting of all key performance indicators. It allows users to create customized dashboards and pushes alerts to notify managers if performance is above or below expectations.

Once growth opportunities are identified, we help member-facing employees and web-based services cross-sell with a member relationship management tool, Synapsys. It manages all points of contact and a call log records and presents them in easy-to-read reports. It integrates seamlessly with Outlook's email and calendaring features, removing the operational inefficiencies inherent in manual marketing and sales processes.

After members respond, our credit union clients create custom workflows that activate changes in member databases without redundancies such as rekeying information. This customized process manages the member service and sales cycle from beginning and end, offering employees added ease and maximizing the growth potential for hundreds of credit unions.



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President

Ted Bilke is President of San Diego, CA-based Symitar. Symitar, a wholly owned subsidiary of Jack Henry & Associates (Nasdaq: JKH), is the single source for totally integrated, enterprise-wide automation that credit unions need to execute dynamic business strategies. Our client-centric solutions are supporting more than 785 diverse credit unions by blending unmatched personal service ... innovative products and services ... state-of-the-art technology ... in-house and out-sourced operating alternatives ... and integrity-based business relationships.



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