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Making Your Core Transition as Smooth as Possible

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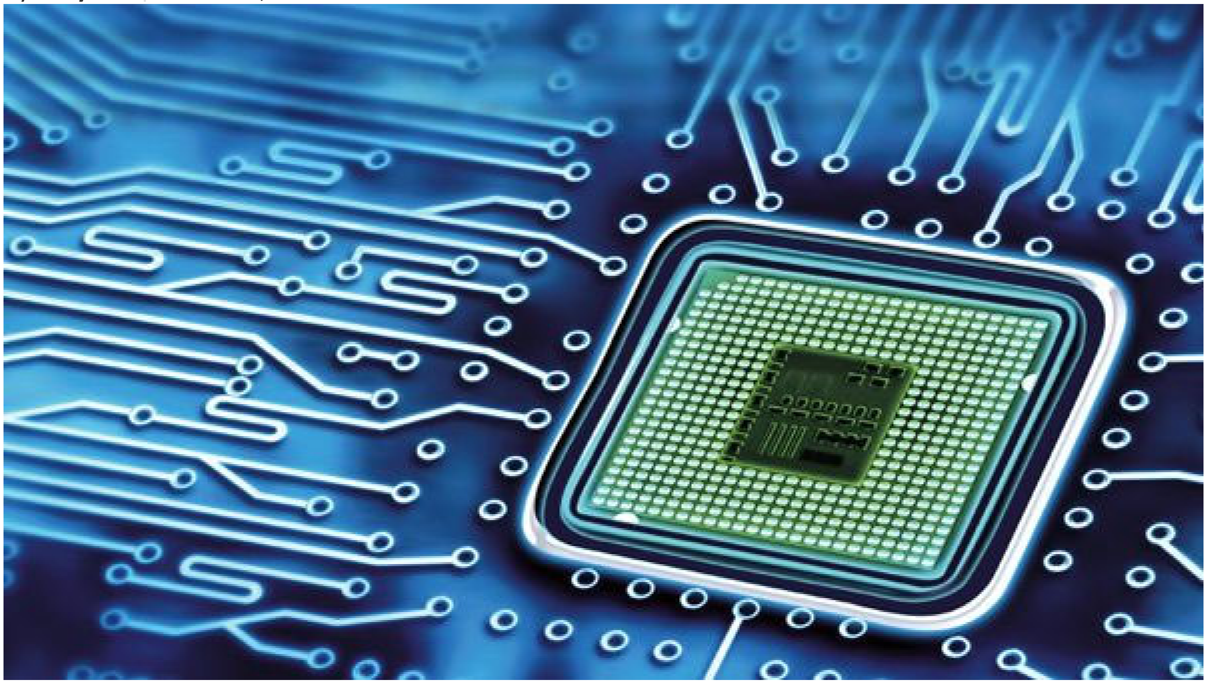

Credit unions tackle core system challenges.

There are countless reasons why credit unions might decide to undergo a change in their core provider. Sometimes they want to expand the functionality they can offer to members, sometimes they're aiming to find better service, and sometimes a credit union is simply growing and needs a more sophisticated system to support its scale. Regardless of the reason, there's no denying that the core vendor selection and conversion process is a daunting one. It's a massive change that impacts nearly every department of your institution; the pressure is on to make sure it's a smooth transition.

While there isn't one "right" way for every credit union to approach the vendor selection and core conversion process, there are a few best practices they can leverage to make the change more seamless. If credit unions consider the timeline, conduct proper due diligence and ensure proper preparation for employees and members, core conversion headaches can be eased.

Consider the Timeline

When entertaining the idea of a migration or conversion, credit unions may make the mistake of waiting until their contract is close to expiring. This often results in the existing vendor having all the power because there is not enough time to conduct proper RFPs and negotiations, leaving the credit union at a disadvantage. When the timeline is rushed, it's often tempting for credit unions to just stay settled with their existing core vendor because it’s easier, even if switching core providers is the better business move.

As a best practice, credit unions should actually start planning for core changes approximately 18 to 24 months in advance of contract expirations. This allows plenty of time to talk to existing vendors, conduct a thorough search with proper due diligence for a new provider and provide an adequate cushion of time for the actual conversation to occur.

Credit unions must also take into account the status of ancillary products and other vendor contracts when preparing for a core conversion. If core and other product and vendor contract dates and terms don’t align, it may be highly detrimental to the cost, planning and ease of the overall conversion. For example, if you also leverage your core provider for bill pay, but that contract’s term doesn’t align with your core contract, things may be more complicated when switching to your new core. There could be a lack of integration, costs will likely be higher and it may prevent a clean cut from your previous vendor. Any additional contracts should strongly be considered as part of the conversation to avoid these frustrations.

Choose a Partner

Deciding to make the switch from your current core provider is just half the battle; next, credit unions have to decide which provider they’re switching to. When considering their options, credit union executives must take into account their potential vendors’ technology roadmap and infrastructure. They should have a base understanding of the environment from a technology standpoint to determine if it aligns well with their institution’s strategy and goals. Additional aspects to consider include the provider’s business continuity and disaster recovery offerings, and how this will impact your credit union’s compliance strategy.

Increasingly, credit unions are moving to the cloud. Outsourcing liberates credit union employees from spending valuable time and resources on tedious hardware and software upkeep and maintenance, freeing up time for more member-facing and strategic activities. And, it often bolsters security and data integrity.

However, a move to the cloud also adds several key questions and considerations that must be explored during the vendor selection due diligence process. For example, where will your credit union’s sensitive data and information be housed? Will it have its own space? How much control will you get to maintain over that data and information? Not all outsourcing partners are created equal, so it’s critical for credit unions to consider all angles.

Most importantly, credit unions should aim to find a partner organization that fits in with their culture and values. Creating a collaborative partnership with trust and open communication is more likely to lead to a better experience for all involved, which will ultimately be felt by the members.

Prepare All Impacted Parties

It’s imperative to properly spread awareness among internal employees and, in most cases, credit union members before the conversion begins to avoid any unnecessary disruption or surprises. Credit union executives should be open with employees, letting them know why this change is taking place and remaining open about the process and impact. Ways to communicate these details include face-to-face meetings, internal newsletters and/or frequent email updates about the process. By keeping them updated and involved from the onset, employees are more likely to feel that they're part of the process and therefore be more motivated to help make the conversion successful.

Members might not notice any behind the scenes differences, but they will be impacted by any consumer-facing elements that may be associated with a core change, such as digital banking. Similar to alerting internal employees, credit unions should also be proactive about notifying their members to any changes ahead of time. Signage in branches, newsletters, email communications and social media posts are all good ways to communicate changes to your member base. When the conversion does occur, call centers should be armed with extra staff to receive questions from members, and branch employees should be trained on how to best assist members about any questions in the branch.

Even though a core conversion often requires a large amount of time, resources and planning, it can be well worth the effort if it's the best move for a credit union's future. Despite all of the moving parts, there are ways to ease the burden and make the transition as seamless as possible. By keeping in mind an appropriate timeline, finding a partner that aligns with your strategy and goals, and keeping open dialogue with employees and members, credit unions will be well positioned to complete their conversion efficiently and smoothly.

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