

2010

BANKING SOLUTIONS

Riding the Recovery Wave

Expert Advice on
What You Need to Know as the
Economic Recovery Continues...

What Have You Done For Me Lately?

Examining Your Core Relationship



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IT IS THE MIXTURE OF INNOVATION WITH RESPONSIVE SUPPORT AND COLLABORATIVE DEVELOPMENT WITH A CORE PROCESSOR THAT ALLOWS BANKS TO OFFER THE HIGHEST LEVEL OF SERVICE.

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Core processing technology is not what it used to be. The acceptance of “what you see is what you get” technology is becoming less common. Today’s ideal technology partner must be agile, advanced and engaged with the bank when developing updates and creating new products and services.

Bank technology today can be seen as a profit center versus expense, and as a cornerstone of a bank’s strategic business plan. It should help banks survey and adjust their strategy, and in doing so, save time and money for both the bank and its customer. And it should be more than just crunching numbers.

Emerging core trend

Banks today must anticipate and adjust to the varied needs of their accountholders, and they should look at their core processing relationships with the same expectations. It is no longer enough for banks to *tolerate* their core relationship. Institutions can, and should, demand a responsive and interactive partnership from their technology provider. Core technology should be functionally flexible, continually updated, and provide client satisfaction.

Functionality

There are several questions banks should ask of their core technology. Can

it make me more profitable? Uniquely competitive? Reduce expenses? Integrate with my other technology choices? Can the company provide a clear, honest description of its architecture, infrastructure and operation?

Functional core technology is a strategic advantage and vital component of business and should be designed and managed around the bank’s key goals – retaining customers, and competing better with other financial institutions through product customization and service automation through its bank management system.

Tom Timmons, a California bank strategist and former bank president, CEO and ICBA Banker of the Year, said, “When it is all said and done, banking is an information and relationship business. Bankers who cannot quickly put their hands on reliable and usable information to better help their customers will have trouble succeeding. It is clear to many that there is a void to be filled for more flexibility and responsiveness in core processors.”

Fred Henrich, president of Coatesville, Pennsylvania-based Coatesville Savings Bank said, “We looked at a lot of companies and finally chose our core processor because its flexibility in design and operation will more easily grow with us and expand our competitive service capabilities as we need it.”

However, technology alone is not enough. It is the mixture of innovation with responsive support and collaborative development with a core processor that allows banks to offer the highest level of service.

Flexibility

A core processor must be flexible, collaborative and responsive, adapting to your needs and growth. The best

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your area and have a conversation with them. Ask for some references for whom they are handling similar equipment, or who are in your vertical, and see what response you get. If you have found a quality third-party provider, you will get good references, and many of them who will be more than happy to fill you in on the type and level of service they are receiving.

Ask the third party to provide some hard numbers for you, including the provide pricing on a variety of service level scenarios. Inquire about on-site sparing, dedicated staff, manufacturer warranty services, how long they have been in business and what certifications the company and the staff have.

If you ask the questions, and get the answers that meet your needs, and the pricing provides you with some significant savings, ask them what other services they provide and what types of IT infrastructure equipment they can service. Armed with that information, you now have choices, options and alternatives.

You can go back to your current provider or providers and ask about the pricing. You can ask about contract flexibility and service level options. You have leverage, and if you don't get good answers in response, you know you can bring in that thoroughly vetted third party, which will simplify your support by consolidating contracts under one flexible umbrella – an umbrella with commitments the big firms may not offer, and streamlining the multiple vendor approach just can't offer. It can't hurt to investigate, but it may just make life easier. ♦



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Core Relationship

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core processor/bank relationship should involve communication from both sides – with support and product development representative of industry trends, as well as client needs and input.

Henrich adds, "Our core processor is also a great partner. We look forward to their frequent visits and enjoy having access to their management and a voice in their development process."

Company culture and structure

Banks need a core processing partner they can count on for the long haul. Institutions should not hesitate to ask: Is my core technology partner stable and positioned for growth? What are the plans for not only product development, but for the company overall? How are core system decision made and by whom? Is the company driven more by stockholder expectations or the banks it serves? Is it likely to be acquired or sold?

It is not enough for a core technology provider to claim good service. The company must also embrace and demonstrate a company culture and structure driven by customer satisfaction and success.

"Our core processor's unique ownership, advice and regular technology enhancements were a major reason we chose to implement their system – it is unique in an industry where that is rarely the case," said Thomas Ellison, chairman and president of the Commercial Bank of Texas. "The contact with our core processor throughout the year has a significant influence on their product development and business model, which directly applies client needs/input into technology offerings." ♦



John H. Jones is president and CEO of Data Center Inc. (DCI), a nationwide provider of core bank technology solutions, featuring the award-winning iCore360® bank processing and management system. Find more information about DCI and iCore360® at www.datacenterinc.com.

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Just ask Fred Henrich, president of Coatesville Savings Bank in Pennsylvania.

"We chose DCI and iCore360® because the flexibility in design will easily grow with us and expand our competitive capabilities. And DCI is a great partner. We enjoy their frequent visits, the access to executive management and having a voice in the iCore360® development process."

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