



COMMUNITY BANKS IN AN AGE OF DISRUPTION

Why ease, transparency and flexibility matter

Maria Schuld, SVP and Division Executive

Banking is undergoing a seismic transformation. Modern technologies, new market entrants and innovative business models have altered the financial landscape forever and redefined what's possible in banking. Further change is inevitable. In this competitive environment, banks must reduce time to market for new products and services while keeping a tight rein on costs. A modern bank must be agile and responsive to new opportunities.

In parallel, a growing body of regulation increases the complexity and cost of doing business. This burden weighs most heavily on the shoulders of small banks that lack the scale to spread costs over many locations. Worse still, many are locked into complex core processing arrangements that inhibit change.

With their strong brands and loyal customers, small banks have everything to play for. But they need to break away from legacy lock-in and entrenched ways of working. All banks must transform their technology to align it with business goals.

A time of challenge and opportunity

Local banks are the backbone of the U.S. banking system, providing a crucial role in helping small- and medium-size businesses grow, prosper and save. Community banks have a unique understanding of their clients and are on the front lines, ensuring vital businesses are not left behind.

However, many small banks face a number of significant challenges: increased competition from large banks and a new wave of fintechs; a growing regulatory compliance burden; and a general dependency on legacy technology, which increases the cost of doing business. Often, they also depend on technology partners that are wedded to the ways of the past. Hindered by outmoded technology and complex service agreements, community banks themselves are being left behind.

Although many banks have become conditioned to legacy ways of doing things, they need a new approach to succeed in an increasingly competitive world. With the right partner, community banks also have unique opportunities. These include:

Loyal customers. Local banks are trusted by businesses who value a high-touch personal service and are aligned with the bank's brand and values.

A track record to build on. With a new approach there is an opportunity to build on existing customer relationships, to cross sell, upsell and win new customers.

Digitalization. Modern technologies and new business models can empower small banks to reduce costs permanently and align these with business success.

Community banks have everything to play for in the digital age, but success requires fresh thinking and modernization. And while a bank might be ready for the challenges ahead, its technology partner may not. As technology takes center stage in banking, small banks need ease, transparency and flexibility in partner relationships to build a successful future. Why?

Banking on technology

As digitalization accelerates, computing is no longer confined to back-office processing. It's about everything a bank does.

With new technologies advancing at breathtaking speed, smaller banks need to partner for success. The right partner will provide easy access to flexible technology that can accelerate the pace towards digitalization. This is critical to stay relevant, ahead of the competition and to control costs.

The encouraging news is that modern technologies can facilitate a flexible transformation, so a wholesale "rip and replace" may not be necessary or desirable. Individual processing components can be bundled to deploy an optimal solution across the entire bank. Independent research confirms this viewpoint has become mainstream. "The footprint of a typical core is now shrinking, with functionality once thought to be 'core' now abstracted into a separate module."¹

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The need for ease, transparency and flexibility

The right bundle of solutions and services can address multiple objectives in parallel to deliver more customer value sooner.

Community banks must wake up to the new reality where technology and business are inextricably linked. They need to escape the strictures of legacy conditioning and consider alternative processing arrangements. Some banks already realize it is no longer necessary to replace an entire core at once or to be locked in to a single vendor. This view is confirmed by independent research:

"In North America, a growing number of banks show willingness to engage in hosted multitenant platform solutions and next-generation platforms are garnering attention."²

^{1,2} CELENT, *The Modern Core Banking System – North America Community Banking Version, 2019*

FIS ClearEdge – a future-ready core that’s available now

ClearEdge is FIS’ response to the new market dynamics and the evolving needs of smaller banks. With simplified contracting, pricing and implementation, it’s the future of banking, now.

ClearEdge redefines the core solution partnership. It offers a roadmap to future prosperity and enables you to escape the ways of the past, where your technology strategy was in the control of a third party. It’s a reflection of FIS’ philosophy that your bank should compete on the strength of its service, rather than sheer scale or processing ability.

Specifically designed for smaller banks and community banks, ClearEdge is built on the three pillars of ease, transparency and flexibility. It offers easy access to FIS’ world-class technology on terms that make your bank more competitive and sustainable.

Ease. ClearEdge offers the optimal bundle of technology assets you need to run a successful community bank, on simple terms that include a short contract and uncomplicated pricing. We have made it as easy as possible to migrate to ClearEdge, and believe it offers the most cost-effective core modernization strategy for a smaller bank.

Transparency. With an affordable, flat-fee monthly subscription, ClearEdge liberates you from long service agreements and unwelcome surprises. You will receive fewer, simpler invoices so the product value is clear. Our commitment is to bring you the optimal bundle of FIS technologies and solutions, backed by our unparalleled expertise and banking know-how. No other technology partner can offer you the resources, depth of knowledge and stability of FIS.

Flexibility. In the digital age, flexibility is all. Banks need modern technologies that enable them to become more flexible, agile and responsive to new opportunities. In practice, flexible technology must be supported by a flexible service agreement so you can consume what you need, when you need it.

FIS has designed ClearEdge in close collaboration with its target customers. It will free you from the worry and inconvenience of complex contract negotiations, so you are free to focus on delivering the best possible customer experience. We believe ClearEdge ushers in a new era of transparency that empowers community banks to focus on the business of banking rather than technology and processing.

Why change?

ClearEdge reflects the transparency of the digital age. People and businesses have become accustomed to the simplified buying experience of modern companies. The American Bankers Association (ABA)³ provides sound guidance, suggesting financial institutions have the right to contract terms that support their strategy and goals. This includes the contract term, which ideally should be aligned to bank's strategic plan.

Furthermore, the ABA stresses the need for SLAs, non-performance clauses and speed of implementation for new technologies. FIS can deliver you a bundle of world-class technology exactly when you need it, on terms that make practical business sense. With ClearEdge, you can build a bank that is agile and future-proof on your terms.

FIS and bank transformation

FIS has unparalleled experience of bank transformation. We are helping many of the world's top banks adopt a digital-first approach to business that boosts innovation, promotes customer centricity and builds a bank that is future proof.

Now smaller banks can benefit from our continual investment in world-class technology, unparalleled industry expertise and transparent approach to business. We believe your business should be controlled by you, not your partner.

FIS ClearEdge offers an easy, transparent and flexible route to core transformation. It bundles the solutions you need now and the ability to scale seamlessly and accelerate growth. And, with simplified contacting, pricing and implementation, it's the future of banking, now.

To learn more about how FIS' community banking solutions can help you meet the unique challenges and opportunities of today's world, [click here](#) or contact getinfo@fisglobal.com

³ABA Banking Journal, May 1.2020

About FIS

FIS is a leading provider of technology solutions for merchants, banks and capital markets firms globally. Our more than 55,000 people are dedicated to advancing the way the world pays, banks and invests by applying our scale, deep expertise and data-driven insights. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS is a Fortune 500® company and is a member of Standard & Poor's 500® Index.

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