CREDIT UNION tech-talk
LEADERS FORUM
SPECIAL ROUNDTABLE SECTION
Technology News for Credit Unions Since 1988 www.cunews.com

Core Systems as Multilayered Data Management Systems

With next generation core data processing systems, you can almost think of the core as being in the background. Of course, it is still the system of record and general ledger for deposits and withdrawals, but in many ways its new function is to be able to seamlessly pass data back and forth between various sources. Some of the next-gen vendors like to call this strategy "an entirely new native cloud, API-first approach based." Without a doubt, more flexible and extensible APIs make it much easier for credit unions to get data in and out of the core. Some of these well architected APIs provide credit unions and their partners with highly configurable, extensible and reusable objects, as well as deep access to underlying component objects. The handful of next-gen core system vendors in the marketplace are rapidly maturing, plus they are busy forging partnerships with many third-party vendors as well.

Unfortunately, it is rather difficult to migrate from traditional core systems to next-gen platforms. That is why more traditional core system providers are busy building out their API management capabilities as a defense against these new players. This approach gives credit unions more flexibility in building customized solutions that the incumbent core system provider does not offer, or currently offers with limited functionality. More sophisticated, wider and deeper API libraries also mean that data can be exposed and consumed in multilayered ways. Additionally, some systems are moving towards more of a "hub and spoke" approach. Hub-spoke architecture's simplicity reduces the financial costs involved with scale. Each new technology integration requires about the same amount of work (i.e. money). Since you're always connecting to the same "hub," the integration interface is consistent as well.

The news is abuzz on a daily basis about Artificial Intelligence and to a lesser extent Machine Learning, but we don't see much of a future for these technologies in core systems in the near future. Where we do see AI/ML coming into serious play is in surround systems such as fraud prevention, loan decisioning, chatbots for customer service, etc. Another grey area revolves around technology/software standards, e.g., Credit Union Financial Exchange (CUFX), Banking Industry Architecture Network (BIAN), etc. Certainly defining a services landscape and mapping to standards are desirable goals, however reality is somewhat different. All too often standards receive lip service, but little true buy-in from vendors and other stakeholders. In many ways it can be attributed to the very nature of technology – it is constantly evolving at break-neck speed. The reality is that it is very difficult for the financial services industry to keep up - today's viable standard is tomorrow's legacy technology with little real-world use as software and systems rapidly progress.

Stephen Greer
Analyst

CELENT

Contact Info

www.celent.com

Stephen Greer is an analyst in Celent's Banking group and is based in New York City. 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.