

# A Dive Into Four Key Challenges Financial Institutions Face Regularly

## — Part One: Saving Money

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The one-on-one relationship between a financial institution and the consumer isn't disappearing, but the connection has evolved. It is filled with digital capabilities and requires a careful balance of the right infrastructure to exceed consumer expectations and the institution's financial security.

This four-part series will take readers through the top four challenges financial institutions face:

- Saving Money
- Saving Time
- Solving Problems
- Serving the Community

As the world of banking becomes more digitized and driven by heavy regulations and expensive technologies, financial institutions with limited resources can be at a disadvantage. Part one of this four-part series will address ways a financial institution can improve its cost structures and compete in today's market.

Rapid technology changes with new innovations and capabilities necessitate careful long-term planning. Unfortunately, supporting innovation can be costly, and vendor contracts are one of the largest monthly expenses for most financial institutions. This means it's one of the first places decision-makers look for potential savings on annual spending across infrastructure and payments-related products.

Several approaches can be utilized to ensure your financial institution is running efficiently:

### **Deploy a Competitive Bids Process**

There are often opportunities for reductions in spend even if your financial institution stays with the same vendor. This is especially true with an older agreement. However, if your goal is to understand the best product options, it will require a longer look at multiple options, with a competitive bid for services which can often drive costs down as well. To be effective, you must have a good procedure in place to run an efficient bidding process and potentially look for third-party support for your evaluation

### **Conduct a Regular Contract Review**

Existing vendor contracts should be regularly reviewed. There are always opportunities to review your agreements to ensure there wasn't any duplication of services, missing rebates, or increased expenses. Many times, financial institutions can achieve savings in the form of processing reductions and incentives. Additional savings can be secured with favorable language throughout the agreement. A regular review of contracts can also ensure upcoming deadlines aren't missed. For example, failing to timely address a Notice of Non-Renewal can be costly.

### **Optimize Your Current Product Suite**

Another critical opportunity to consider is how you've optimized your product suite. For example, do you utilize the services of your vendors? Or, have you deployed the experience of an unbiased consultant who can provide a deep discovery of your products to ensure they are in line with your financial institution's strategic direction and approach?

When you weave the knowledge of an experienced consultant into your operations, you benefit from a relationship manager assigned to your team during and after the project. This keeps your financial institution prepared for any strategic shifts or expansion of your needs.

### **Keep Vendors Focused on Your Strategy**

Focusing on savings and incentives has short- and long-term benefits. It allows you to focus on your financial institution's growth and strategy while looking at the future with a renewed focus.

To make an educated decision on a vendor, especially if your financial institution is making a transformational change, ensure that the vendor is laser-focused on your overall strategy. This keeps the financial institution's leadership team in lockstep and provides a backdrop of accountability and transparency about the project goals and outcomes.

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## Final Thoughts

It is critical to thoroughly understanding your vendor contracts and any synergies that can be created by combining these contracts and other critical relationships. A third-party consultant can guide you through the process. They have expertise in this area and will be able to provide an unbiased account of available cost savings. Even more importantly, they can counsel you on any unknown opportunities that can be critical to the future success of your financial institution.

Be sure to check back for part two of our series—Saving Time. We will address several strategies to maximize available resources while better understanding goals to align vendor contracts accordingly.

**Les Anderson** is Engage fi's Chief Growth Officer. He is responsible for leading the overall growth of the organization as well as facilitating client and relationship management, leveraging his previous experience to drive internal innovation that will resonate with clients. Les has over 20 years of experience in the financial services space, working directly with banks and credit unions as well as the partnerships that serve them. He held various leadership positions during his tenure at FIS, including Head of Alliances, VP Partner Management, and VP Product Sales Consulting.

Engage fi has saved its clients over \$2.5 billion in savings and incentives. To learn more about how engage fi can help your financial institution, visit [www.engagefi.com](http://www.engagefi.com)

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