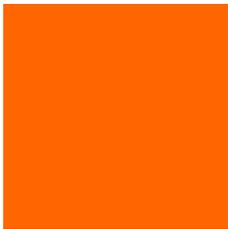




Benefits of Outsourced Account Processing
Key Points to Consider as You Build Your Case

What would a move to outsourced account processing mean for your staff, organization and customers? Consider the experiences of financial institutions already operating in an outsourced environment.



The following statements are based on common views about outsourced account processing. The response to each statement is based on the reality that many financial institutions with hosted solutions experience.

monitor its return on assets or efficiency ratio, would the organization show better performance if the same staff had more time and higher productivity – even if processing costs were equal? Often, the answer is yes.

Statement: In-house processing is less expensive.

To help you assess the full financial impact of outsourcing, Fiserv strategy experts can work with you to build a custom business case based on your data. You'll receive a detailed summary that includes estimated return on investment based on your current costs and the added value you can expect to realize through outsourcing.

Reality: A number of factors contribute to the total cost of outsourcing.

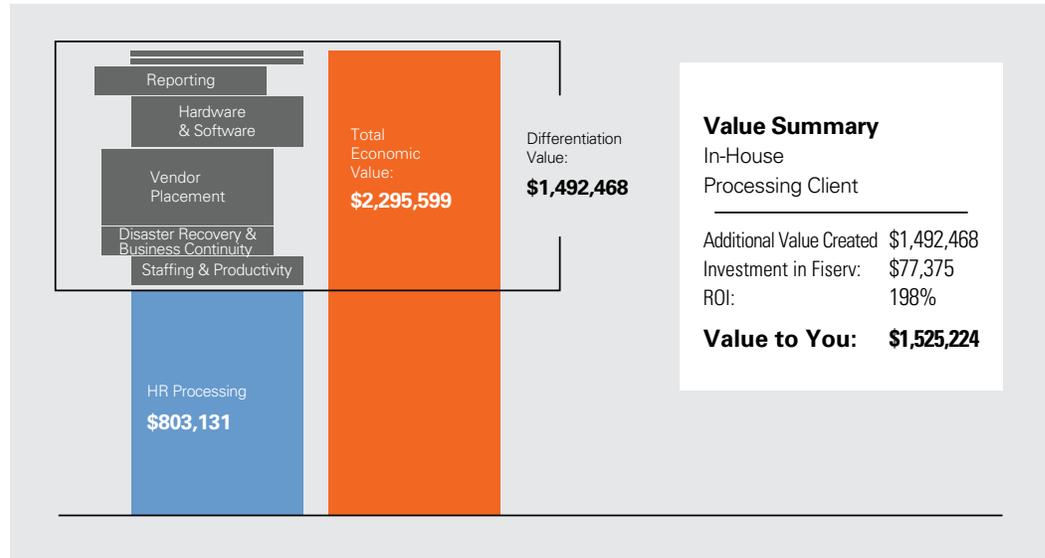
Some people assume that outsourcing costs more, but to get a complete picture of the costs and benefits, factors such as staff productivity, hardware and software costs, disaster recovery costs and compliance costs must be factored in. Outsourcing may reduce costs related to reporting, processing and facilities. There may also be potential tax savings.

.....
"In our first year of outsourcing, we experienced about \$1.3 million in savings. The majority of that was through technology reduction."

Adrienne Chee
Senior Vice President, IT Division Manager
Central Pacific Bank
.....

Opportunity cost is another consideration. Outsourcing can help a financial institution redirect staff members to increased revenue-generating activities. Strategic initiatives that an organization has never had the bandwidth to pursue are suddenly real possibilities. For example, cross-training staff to move into a universal banker role can lead to stronger customer relationships and higher cross-sales. If a bank were to

Outsourcing With Fiserv



In this example summary, the financial institution is currently paying \$803,131 annually to operate its account processing solution in an in-house environment. The bank could create \$1.5 million in additional value by migrating to outsourcing.

.....
 Outsourcing is associated with a five percent improvement in efficiency ratio.

Fiserv proprietary research based on FDIC data

.....
Statement: Outsourced organizations lose the flexibility to be innovative.

Reality: Most financial institutions become far more competitive after the move to outsourcing by rolling out multiple new product offerings.

Many years ago, outsourced financial institutions had less flexibility than their in-house processing peers. However, as financial institutions of all sizes continued to migrate to a secure, centralized outsourcing environment, data centers adapted to become highly flexible. Today, data centers serve clients with a wide range of needs for processing times, third-party integration, special processing requests and much more. In fact, most outsourced financial institutions actually gain a stronger competitive edge by offloading

in-house workloads, focusing their attention on competitive product offerings and responding quickly to new market opportunities.

.....
 "It's all about how we can do things better, faster and easier for our customers. Fiserv has the expertise and personnel to help us implement innovative services that many financial institutions already offer. If we were operating in-house, we'd still be trying to catch up."

Adrienne Chee
 Senior Vice President, IT Division Manager
 Central Pacific Bank

.....

.....
 "We never felt like we were supporting our integrated solutions correctly because we couldn't keep up with the updates. Now we rely on Fiserv for that."

Tristan Smith
 First Vice President and IT Manager
 First State Bank

Statement: We'll lose control of our system when we outsource.

Reality: Outsourced financial institutions maintain control of the things they need to manage, while passing routine functions to a qualified team.

Outsourcing can provide freedom from routine daily functions that don't affect the financial institution's bottom line. Many of these tasks are considered tedious, such as applying software updates and creating 1099 statements.

In reality, daily deposit and lending functions are not impacted by the relocation of the hardware and equipment to a data center. Most tellers and customer-facing personnel do not notice any difference in the software they use after moving to outsourcing. In fact, the availability of more reliable and higher-speed communications has allowed outsourcing and cloud computing to become almost universal across most industries.

"We are much more hands-off, but this has not limited us in any way. Our efficiency and available time have increased tremendously now that many daily manual processes have been eliminated. We spend less time troubleshooting file errors, and there are fewer internal processing errors. It allows us to focus on other things."

Jaime Pizzolato
 Vice President
 Forrester State Bank

"We don't want to have to worry about batch and accrual and all the technical things. Outsourcing enables us to focus on customer service."

Tammy Waggoner
 Executive Vice President, Chief Financial Officer
 Union Bank, Inc.

Back-Office Tasks	In-House	Outsourced
Daily core system and application server checklist	Client	Fiserv
Core system management and patch testing	Client	Fiserv
Release upgrades (nights and weekends)	Client	Fiserv
Nightly processing for all Fiserv applications	Client	Fiserv
Nightly report processing and file downloads	Client	Fiserv
Test database population	Client	Fiserv
Testing, training and implementations	Client/Fiserv	Client/Fiserv
Delivery of data extracts to third parties	Client	Fiserv
Disaster recovery and continuity testing	Client	Client/Fiserv
Data security and 24/7/365 system monitoring	Client	Fiserv
Change management	Client/Fiserv	Client/Fiserv

With outsourcing, the workload for back-office tasks is shifted to Fiserv staff. However, financial institutions have the option to maintain control of many key functions. Here are just a few examples.

Fiserv is driving innovation in Payments, Processing Services, Risk & Compliance, Customer & Channel Management and Insights & Optimization. Our solutions help clients deliver financial services at the speed of life to enhance the way people live and work today. Visit [fiserv.com](https://www.fiserv.com) to learn more.

Finding Answers

In the move to outsourcing, it's common to have a number of questions. Fiserv can help you find answers and put you in touch with outsourced organizations with valuable insight to share. Many of these financial institutions say outsourcing proved to be a game-changer for them. Contact us to learn more about what outsourcing could mean for you.

Connect With Us

For more information about outsourced account processing, call 800-872-7882, email getsolutions@fiserv.com or visit [fiserv.com](https://www.fiserv.com).



Fiserv, Inc.
255 Fiserv Drive
Brookfield, WI 53045

800-872-7882
262-879-5322
getsolutions@fiserv.com
www.fiserv.com