

## Best of Breed vs. Single Source Solution?

Two schools of thought best illustrate the chasm that exists between competing bank-operation philosophies. According to the "Best of Breed" argument, operational components are viewed as entirely separate decision points. Advocates of this philosophy evaluate and select what they deem to be the best core vendor solution and add on the best ancillary vendor solutions (such as Internet Banking, item processing, EFT, document imaging, etc).

The opposing view embraces a Single Source Solution. The efficiencies gained through selecting a single provider for all major operational functions are worth compromises in features and functionality, according to this line of thought. (Single source vendors contend no deficiencies exist.)

What is your management team's philosophy? How difficult is it to switch and embrace a competing philosophy?

Service agreements with varying renewal dates, and often different vendors, have been mentioned as an obstacle which hinders banks from switching to a single source solution. Besides having to be mindful of expiration dates (and more importantly self-renewal dates), various ending dates make it almost impossible to consolidate vendors because it becomes costly for banks to buy out service agreements. Waiting for service agreements to end and then converting piece-meal can dramatically extend projects.

Another responsibility with multi-vendor operational solutions is vendor management responsibilities. How many of us yearn for additional SAS-70 reports to understand? And it is such a delight to police the receipt of financials and supporting documentation every year!

This additional due diligence obligation and increased project scope may be a small price to pay for enhancements to features and functionality, especially for services your clients have come to expect from your organization.

Single Source vs. Best of Breed – not an easy choice, but one that will have long lasting repercussions on your bank!

*Provided by Cheryl Buntin, Vice President, AaSys Group, CBA Associate Member*

## CBA NEWS

### Senate Drops Cramdown

Following intensive ICBA and community bank outreach, the Senate voted 51-45 against an amendment to key deposit insurance legislation that would allow bankruptcy judges to reduce, or "cram down," mortgage principal and modify loan terms. ICBA has been in the forefront in opposing the cramdown language and keeping it from bogging down urgent deposit insurance legislation.

Before the Senate took up the legislation, ICBA delivered a letter to Senate leaders urging swift passage of the underlying deposit insurance legislation (S. 896). The bill would increase the FDIC's borrowing authority with Treasury from \$30 billion to \$100 billion, with emergency funding up to \$500 billion, which the agency said is necessary to reduce its planned 20-basis-point special assessment by as much as half. It also would extend until the end of 2013 the temporary deposit insurance coverage hike to \$250,000.

ICBA and the CBA of Georgia thanks all the community bankers from around the nation who contacted their senators to oppose the cramdown amendment. As expected both Georgia Senators voted against the "cram down" amendment. We want to thank Senator Isakson and Senator Chambliss for their support.

*ICBA Newswatch Today, May 1, 2009*

### Committee Heeds ICBA Concerns in Mortgage Bill

The House Financial Services Committee passed mortgage-reform legislation that includes amendments addressing ICBA concerns. After receiving a letter from ICBA and hearing testimony from ICBA Chairman Mike Menzies, the Mortgage Reform and Anti-Predatory Lending Act of 2009 (H.R. 1728) includes two amendments offering greater flexibility.

One amendment would extend the bill's "safe harbor" provisions to mortgage products other than 30-year fixed-rate mortgages, including shorter-term fixed-rate mortgages and adjustable-rate mortgages. The safe harbor would provide creditors a strong defense against action for rescission of a mortgage under the bill. The amendment also would allow regulators to create a safe harbor for FHA, VA and Rural Housing Service loans and mortgages meeting conforming loan requirements for Fannie Mae and Freddie Mac. The loans also would be exempt from the bill's risk-retention requirements for mortgages sold in the secondary market.

Another amendment would give the banking agencies authority to make exceptions and adjustments to the risk-retention requirements, including adjusting the amount of risk required to be retained by creditors for those loans not exempted under the expanded safe harbor. The panel approved the bill 49-21.

*ICBA Newswatch Today, April 30, 2009*

### OCC Offers Tips on Mortgage Scams

The Office of the Comptroller of the Currency issued a consumer advisory to help homeowners avoid scams that claim to help them save their homes. The agency warned that con artists have tried to take advantage of federal programs to reduce foreclosures by claiming to be affiliated with the government. You may read more about the OCC tips at <http://www.occ.treas.gov/ftp/release/2009-43.htm>.

*ICBA Newswatch Today, April 22, 2009*



### TransFirst, LLC - Merchant Services Program

Headquartered in Dallas, TX, TransFirst is ranked among the top 12 largest processors in the U.S. and is the largest private processor not owned by a bank. With facilities in CO, NE, KS, and NY. TransFirst serves more than 965 community banks, including 155,000 merchant customers, processing \$28 billion in annual volume. Contact Brian Higgins at (770) 605-2279.

