



Jeffery Kendall:
**The strategic
advantage of a
next-gen core**

Jeffery Kendall
Chairman and CEO,
Nymbus.

IT'S CORE
AND MORE

Why core modernization amplifies your vision, not just your technology

Rapid transformations in how we interact with markets are revealing new opportunities for growth and demanding a reevaluation of our banking and financial strategies.

The core banking modernization market is expected to grow at an average annual rate of over 22% by 2026. This rapid growth underscores the increasing importance and investment in modernizing banking systems.*

Community banks and credit unions are at a critical crossroads. If you ask the majority of banking executives about their relationship with their core provider, it is astonishingly negative. Why? For years, the legacy cores have stagnated with regard to R&D and investment in their product. Most in fact, are pure brokers - buying a core from a modern software company and then using that as the promise of the next big "thing." Unfortunately, this results in diluted engineering investment in the existing product portfolio, as resources are spread too thin across multiple outdated core systems. Some "big" core providers support 5, 10, or even 15 disparate core code bases. Therefore, a dollar of R&D investment doesn't go as far as it could.

IT'S CORE AND MORE

Simply put, these companies excel at financial engineering but not software engineering.

This stagnation has enabled big tech and fintech firms to outpace traditional bank technologies, widening the capabilities gap. This has led to a perception that to advance, banks should start making their products less dependent on legacy core systems. They are encouraged to buy a “middleware” that promises nirvana and opens up the art of the possible. It's a lie. Access to the data in your core is one consideration for your strategy, but ultimately, the digital banking tech will only be as good as the underlying core. If your core doesn't support event-driven architectures,

real-time processing, and customer-centric data models, then your digital strategy will inherently be limited as well. The core is important. Instead of trying to minimize its role and value, there is a better way, modern cores like Nymbus demonstrate this in the real world.

As fintech companies rise and tech conglomerates expand their influence, institutions must adapt to stay competitive.

This shift isn't just about survival. It's a chance to enhance how they serve their communities and secure their roles in a world where banking centers more on technology and customer convenience.

CHANGE SIGNIFIES
OPPORTUNITY,
NOT OBSTACLES

Change is not optional. It is crucial.

“The challenge that a traditional bank has, is that they sit on 150, 200 years of legacy infrastructure and probably 60 years of legacy technology. So, banks have found it difficult to innovate quickly.”

– James Butland, Vice President of Payments and U.K. Managing Director at Mangopay

The US Banking sector has been held captive by a handful of large, complex tech providers for the past 50 years. Unfortunately, many of these providers have faltered, failing to innovate or develop new capabilities.

Their inadequate performance and lack of forward-thinking vision have left many banking executives overwhelmed by the necessary

changes and underwhelmed by the available options. Yet, the impact of change, negative or positive, is determined by perception. How we conceptualize change, frame it within our organizational strategies, and tackle it mentally and operationally can drastically influence our experiences and outcomes.

For many traditional banks, “core” is a dirty, four-letter word. Many FIs have attempted to remain competitive by integrating APIs and offering superficial enhancements for their customer and member base, but ultimately, most have fallen short of consumer expectations and performance.

However, these tools only truly excel when applied strategically to drive growth, improve operational efficiency, and build customer loyalty. Discussions about disrupting, overhauling, or transforming the core might instill fear in many leaders, but once again, it is not optional;

it is crucial. Yet, the core is the engine meant to drive a business forward, not anchor it to outdated practices. The suggestion to completely revamp the core may seem daunting, akin to one of the most significant risks in our careers.

But embracing this challenge can alter our trajectory and lead to unprecedented success when done right.

Consider it a face transplant rather than a mere facelift.

What if we reframed this change? Viewed it not as the ultimate solution but as a strategic tool, incremental or dramatic, that empowers us to reach our unique goals. This approach allows us to leverage change as a catalyst for innovation and differentiation, guiding us to a future where we define success on our terms.



REFRAMING
THE CORE AND
ITS PURPOSE

When we have a vision for technology it becomes an enabler, not just a tool.

As a piece of technology the core system is not a magical solution but a formidable instrument in securing the future of your banking organization. Considering your core as a strategic asset (not just a transactional processing unit) designed to realize your long-term goals, fundamentally alters our approach to modernization.

The impact of radical change or unexpected challenges on human behavior often triggers instinctive reactions: flight, fight, or freeze. Neobanks have chosen to fight, embracing modern technology from the ground up.

Others have opted for “flight,” adapting their business models to simpler, less demanding markets. However, it’s the “freeze”—inaction—that poses the greatest risk. Similar to the paralysis that might occur when confronted by a predator, inaction in the face of necessary modernization

exposes us to multiple threats, from reputational damage and eroding customer loyalty to eventual business failure.

Indeed, transforming the core is challenging. It involves integrating systems, managing disruptions, and absorbing the costs of lost productivity, deconversion, and implementation fees. Yet, how we view these challenges in the context of our long-term goals can lead to transformative outcomes.

Embracing change can boost revenue, streamline operations, and accelerate service delivery, enhancing customer and employee engagement while increasing scalability.



REFRAMING THE CORE AND ITS PURPOSE

These benefits strengthen brand recognition and trust. For instance, **PeoplesBank's innovative adoption of a dual-core system** exemplifies strategic modernization, leveraging our technology to enhance their service offerings effectively.

Therefore, the question isn't whether to modernize but how to do so effectively. Choosing the right partner is paramount.

Additionally, it's crucial to address why "middleware on top" and "make the core smaller" strategies often fail in the long term. These approaches can lead to fragmented systems and do not solve the underlying limitations of legacy cores, limiting the potential for real transformation.

A partner who understands your business needs can guide your community bank or credit union through a customized modernization journey, ensuring alignment with your strategic goals and maximizing your competitive edge.

A universal blueprint for modernization does not exist; each institution is uniquely positioned, with its transformation shaped by distinct market demands, service portfolios, and organizational cultures.

Success hinges critically on your core strategy.

Given that no two companies are alike, why should their technological needs be approached uniformly?

Banks and credit unions have several paths to modernize their core technology.

The boldest among them—those with the requisite capability, culture, and a lower risk profile—might opt to completely overhaul their existing systems in favor of a fully cloud-based solution. This radical transformation is a comprehensive strategy to leapfrog competitors and reboot operations. Such a shift necessitates a partner who ensures that every step is taken thoughtfully and aligned with strategic objectives.

In stark contrast, some financial institutions may feel that now is not the time to upgrade. This may seem like the easiest option, but it is a freeze mentality. This inactivity will reinforce massive repercussions for these financial institutions. **For example, most banks spend the vast proportion of their IT budget maintaining legacy core systems and applications.**

Others may prefer a more gradual approach, focusing on incremental upgrades to their current systems. This strategy doesn't signal a retreat from innovation but a cautious progression towards digital

transformation, requiring a partner skilled in integrating new functionalities into existing frameworks.

Additionally, some institutions are prepared to modernize by integrating modern applications with their legacy cores, effectively “unbundling” the core's centrality. Meanwhile, others pursue a parallel strategy, running a cloud-based core alongside their existing setup, each with distinct transformation goals and needs. For instance, **Vantage West Credit Union's launch of HUSTL** exemplifies this parallel strategy by offering a cloud-based digital banking platform tailored for freelancers, running alongside their traditional banking systems to meet the specific needs of this segment.

The right partner understands that the core is not just infrastructure; it's the foundation that enables your strategic vision. This partner doesn't just provide cutting-edge technology; they bring a depth of expertise, a commitment to service, and a profound understanding of the unique challenges faced by community banks and credit unions. They are equipped to drive operational efficiency and prepare you for the challenges of today and the opportunities of tomorrow.

THE NYMBUS APPROACH

Unique solutions for unique requirements.

“The industry is in the middle of its biggest change since its inception. Mobility is a key topic of the decade, if not the century. The need for innovation has eventually arrived in the industry, and most players are finally stepping up their game to stay relevant in the upcoming years. Those who adapt to changing circumstances will prevail.”

– Jeannette Waldschläger, Head of Finance and Accounting at PAIR Finance

Nymbus believes that financial institutions, especially regional and community banks and credit unions, should demand technology that meets today's customer expectations and anticipates future needs.

This commitment has driven us to dismantle the traditional confines of banking software and provide a powerful, unified platform previously exclusive to the largest industry players.

Nymbus Core is meticulously engineered to empower institutions to serve their customers uniquely and effectively. It's more than technology; it's a strategic partnership equipped to launch new digital bank brands or transform existing operations. We understand our clients' distinct challenges and deliver a suite of tools and ongoing support critical for navigating and succeeding in today's competitive environment.

Our dedication extends beyond solutions to encompass transparency, ongoing support, superior value, and a steadfast commitment to the success of each institution we partner with. The Nymbus Banking Platform, with its integrated suite of core processing, digital banking experiences, account onboarding,

and loan origination, is designed to minimize costs and maximize customer delight.

Our approach is backed by a team with extensive banking industry expertise, focusing on rapid deployment and agile responses to market demands. We prioritize flexibility, enabling our clients to achieve their strategic vision their way. By offering tailored solutions and adaptive technologies, we deliver the necessary support for institutions to navigate their modernization journeys. This reduces the time required to update systems and dismantles the constraints imposed by legacy technologies, allowing for a more seamless transition to modern banking practices. Our commitment to comprehensive support ensures clients can confidently pursue their goals, knowing they have a partner dedicated to their success.

THE NYMBUS APPROACH

Designed as the core to enable your bank and your vision, Nymbus focuses on three key pillars:

1 Resilience:

Enterprise-grade system scalability and resilience with managed cloud hosting.

2 Nymbus-built:

Cloud-native, API-first architecture with security and compliance built-in, and no middleware.

3 Expertise:

Modern technology developed by core banking industry veterans you can trust.

These pillars have helped us deliver strategic and operational solutions for clients of all sizes and stages. Streamlined operations, integrated teller experiences, payment capabilities, 360-degree customer management, and compliance program partnerships work together to address your needs.

THE NYMBUS APPROACH

Know what you're paying for.

Budgeting for change is a significant challenge for smaller banks.

McKinsey reports that 70% of digital transformations exceed their budgets, with 7% costing more than double the initial estimate*, due largely to a lack of transparency from providers. These drastic adjustments can cripple community financial institutions, which is why

Nymbus offers all-inclusive pricing without hidden fees or restrictive contract clauses.

Nymbus Core is designed around specific business needs and can evolve at the speed of the business

itself, which means it is built for now and for growth. Part of this is an end-to-end solution with core and native online banking apps built in.

By focusing on people and processes, elevating customer experience, integrating online and mobile banking and having the flexibility to incorporate new partners, we configure products and pricing that suit the organization, not the industry.

Security and compliance are paramount concerns in modernization. We ensure these elements are integral to everything we do in meeting and exceeding critical requirements.

Our best-in-suite risk management program includes:

- ✓ A complete compliance management system
- ✓ Proactive federal regulatory change management across agencies
- ✓ Third-party vendor management program and support for your programs
- ✓ Centralized due diligence via our vendor exchange
- ✓ Audit and exam support
- ✓ Annual SOC1, SOC2, and PCI-DSS assessments

Having such rigorous safety precautions is more important than just the peace of mind it brings customers. Integrating this level of security, and adapting it to specific issues, weaknesses, or existing processes, allows us to meet you where you are.

FOLLOWING YOUR NORTH STAR

Every Nymbus offering has been designed to champion the idea that **the core banking system should be a strategic asset, not a hindrance. By transforming the core from a transaction ledger into a dynamic, strategic platform and providing more than just basic services**, we have integrated a full-stack solution enhanced with managed services for an optimized, cost-effective operation.

Ultimately, your vision keeps you going—not your toolkit.

Core modernization shouldn't be so rigid that it excludes organizations not quite at the complete overhaul stage, but it shouldn't just be about system upgrades, either.

The transition to more modern banking should be fueled by the drive to empower people and their processes, whomever they are, whatever the size and wherever they are on the journey.

Today, the future of work depends on our ability to adapt, innovate, and evolve. A personalized approach to core modernization is not just a nice-to-have but a must-have for banks and credit unions wanting to stay relevant, competitive, and successful. Adopting this tailored, phased approach can unleash unprecedented productivity, creativity, and collaboration, empowering organizations to achieve their most ambitious goals and bring their visions to life.

JK.