

Your Core Is Being Retired. Now What?

by Jeffery Kendall, CEO and Chairman of Nymbus

The core processing market is a fascinating aspect of the financial services industry. With fewer than two dozen credible providers globally and arguably fewer than a dozen in the United States, the moat around core processing as a capability means limited choice and optionality for banks and credit unions — especially in the community market of institutions with fewer than \$10B in assets.

These facts show up in an acquisition dynamic we see frequently in the bank technology space: The large core processing companies most often look to the “buy” option vs “build” simply due to the time and investment required to bring new innovations to the long-toothed cores they have been keeping on life support for years.

The hope is that clients will voluntarily migrate to the newly acquired cores — but the difficulty and risk of conversion is just as real even if migrating to a vendor’s “latest” acquisition. The core providers end up with multiple cores to support and fund from an R&D perspective, which ultimately handicaps any truly new capabilities for any of them. Effectively, the spend is watered down and diluted across the core products, no matter how similar the end user they are designed for.

Reality check: You will face a core migration.

Eventually, all financial institutions will find themselves in the position of voluntarily or involuntarily going through a core migration. The stock market hammered one of the largest core processing companies in the world recently, effectively admitting publicly what most of the industry has known for years: They were more

concerned about financial engineering of the share price than they were about product engineering a better outcome for their clients.

Unfortunately, the market also learned recently that the largest core processing provider will soon be making some big changes and consolidating many of its core systems.

It’s hard to imagine how a software company can effectively support and maintain this many diverse core platforms – and the rationale behind this decision seems obvious and needed. However, this is an incredibly risky inflection point for banks and credit unions on platforms targeted for retirement.

The hope and bet is that most clients will be incentivized to migrate to one of the remaining cores. But financial institutions should fully anticipate a lot of headaches around pricing confusion (lock-in terms, bundling, and non-coterminous agreements) and migration strategies and timelines.

We are not in Kansas anymore. While specialized consultants exist to guide banks through core contract negotiations and conversions, it’s important to recognize that this moment is truly unprecedented — there’s no proven playbook or guaranteed approach. Core providers will negotiate hundreds of these agreements; your institution will negotiate one. That imbalance gives the provider a significant advantage. Going it alone means you risk missing critical options and negotiation dynamics that could shape your bank’s future for years to come.

This is not time for a hands-off, “let the procurement team handle it” strategy. There are many technical and commercial considerations that bank and credit union CEOs need to pay attention to. With some core contracts being as much as 15 years long, it is not a decision anyone wants to revisit soon. It’s critical to get it right and be confident.

So, what can be done?

1. Find out the planned date for retirement.

You will likely get non-specific answers. Use this committed date as a lever in any renewals or contract extensions you plan to execute in the next 12-18 months. Force a commitment to your bank or you risk being locked-in long term. Insist on modifying any planned sunset products to go to a month-to-month agreement versus a multiyear contract.

2. Pilot another core processor. Modern core providers can stand up instances of the core very effectively and can run in a “sidecar” model alongside your main bank architecture and core. This approach can provide the bank or credit union with many benefits, including deposit and loan growth strategies, market expansion, and evolved branding of the financial institution. Most importantly, you get to partner with a core provider who you may be in a long-term relationship with eventually. Think of it as dating before a long-term commitment is made to the full bank operating model.

3. Identify third parties which will complicate a core conversion and plan to convert them where possible ahead of time of a full core conversion. Product solutions such as bill pay, card issuing, credit cards, etc., can often be converted ahead of time and independently of the core conversion, helping to de-risk by reducing the amount of variables the core conversion teams have to address.

4. Consider segmenting your end customers and migrating over time. While not a silver bullet, some institutions find strategies like migrating retail and business clients in different tranches to be useful. This approach should be considered carefully however, as it does require clarity around how long to support multiple back-office processes and systems.

5. Balance consultant-led RFPs with direct vendor relationships. RFPs will be critical in 2026 and serve an important function in creating structured vendor evaluations. However, this standardized approach can prevent you from discovering innovative solutions that don’t fit neatly into predetermined categories. It’s equivalent to running a race to find the fastest horse without recognizing that cars can be a better or more effective option. Modern core providers are actually designed to identify growth opportunities and operational improvements that may not surface through traditional procurement processes. By cultivating direct relationships alongside consultant-led evaluations, financial institutions can unlock new possibilities that extend beyond the standard checklist.

Bottom line: The retirement of your core is an opportunity to rethink the foundation of your institution’s future. While no core conversion is easy, those who approach it strategically, armed with data, foresight, and the right partners, can turn a forced migration into a competitive advantage. The next generation of cores promises greater flexibility, integration and scalability, but only for institutions that negotiate wisely, plan deliberately, and take control of their own timelines before someone else does.



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