

From Risk to ROI: How Gap Analysis Drives Successful Core Conversions

By Robin Hess



When a credit union begins planning a core conversion, one of the most critical early steps is conducting a gap analysis. This strategic process helps ensure the new core system will meet the institution's operational, technical and member service needs while minimizing risk and maximizing value.

Real-World Cautionary Tales

In a documented case, a large [Florida-based credit union](#) attempted a core conversion and digital platform launch with a provider that lacked experience in large-scale implementations. The result was a system failure that left members without reliable access to their accounts for months.

A CFPB investigation revealed:

- Inadequate due diligence.
- Insufficient testing and oversight.
- Lack of governance during the conversion.

The consequences:

- Member harm and reputational damage.
- A \$1.5 million civil penalty from the CFPB.
- Mandated governance reforms.

Meanwhile, a Michigan-based credit union, [Wildfire CU](#), attempted to switch from Symitar to DNA. They later sued Fiserv, alleging that the conversion was misrepresented and that DNA lacked the efficiency and reliability of Symitar.

These cases underscore the importance of thorough planning, vendor vetting and gap analysis. Without them, even well-intentioned conversions can lead to costly setbacks – or regulatory action.

What Is Gap Analysis?

Gap analysis is a structured evaluation of the differences between a credit union's current state and its desired future state. It identifies what's working, what's missing and what needs to change to support a successful transition to a new core platform.

The Process of Gap Analysis

1. Discovery & Documentation

- Interview stakeholders across departments.
- Document current workflows, system dependencies and pain points.
- Inventory third-party integrations and customizations.

2. Requirements Definition

- Define functional, reporting and member experience needs.
- Include compliance, scalability and integration goals.

3. System Capability Mapping

- Compare current system features to those of potential new cores.
- Identify gaps in functionality, performance and usability.

4. Impact Assessment

- Evaluate how gaps will affect operations and member services.
- Prioritize gaps based on risk, cost and strategic importance.

5. Recommendations & Roadmap

- Provide actionable insights and a phased roadmap for conversion.
- Guide configuration, training and rollout planning.

Weighting Requirements for Better Decisions

Not all requirements are created equal. To make informed decisions, credit unions should assign weights to each requirement based on its importance.

How to Apply Weighting:

1. Categorize requirements (e.g., lending, reporting, integrations).
2. Assign weight values (e.g., 1–5 scale):
 - Critical (5): Essential for operations or compliance.
 - High (4): Strongly preferred, impacts efficiency or member experience.
 - Medium (3): Useful but not essential.
 - Low (1–2): Nice-to-have or future-facing.
3. Score vendor capabilities and multiply by weight.
4. Calculate weighted scores to compare systems objectively.

This ensures that the most important features drive the decision-making process, rather than allowing less impactful items to skew evaluations.

Standardizing Vendor Evaluation

One of the biggest challenges in core selection is that vendors often self-report their strengths; their marketing materials may not reflect how well their system meets your credit union's specific needs, however.

A gap analysis:

- Creates a uniform evaluation framework across all vendors.
- Forces vendors to respond to your requirements, not just highlight their own.
- Helps uncover hidden limitations or missing features that may not be obvious in demos or brochures.
- Ensures the selection process is objective, transparent and aligned with your business goals.

What Is the ROI of Gap Analysis?

While gap analysis requires time and resources, its return on investment is often significant:

Tangible Benefits

- Reduced implementation costs by avoiding unnecessary customizations.
- Faster time to value through streamlined planning and training.
- Improved vendor negotiation with clearly defined requirements.
- Preserved reporting and compliance, avoiding costly errors.
- Operational continuity with fewer disruptions during conversion.

Strategic Benefits

- Better core fit aligned with long-term goals.
- Stakeholder confidence through early engagement and clarity.
- Risk mitigation by identifying issues before they impact operations.

For example, a credit union investing \$25,000 in gap analysis may avoid \$100,000 or more in rework, lost productivity and compliance penalties – yielding a 4x ROI or greater.

Final Thoughts

Gap analysis is not just a technical exercise – it's a strategic investment. It lays the foundation for a successful core conversion by aligning technology with business goals, reducing risk and ensuring a smoother transition for staff and members alike.