



# Moving or Merging? Start

# Here.

By Kathy Feringa, Vice President, Member Product Support

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When moving to a new home or apartment, look no further than the internet for inspiration on the right questions to ask.

*Why is the seller moving? How old is the roof? Is this a flood zone? How's the water pressure?*

There are dozens if not hundreds of articles with words of wisdom for renters and homebuyers alike, because moving is a big deal and asking the right questions is the key (pun intended) to making the right choice. You don't need me to tell you that where you live has major implications for your financial well-being and overall quality of life!

Much like a renter or homebuyer, credit union decision-makers should consider this logic when contemplating a move from one core processor to another or a merger with another credit union. There are important questions to ask to ensure the right fit.

## Checklist of Moving Questions

Contact your Alloya representative early in your decision-making process so we can offer guidance, suggestions and next steps. In 2021, the Alloya team assisted with 65 data processor conversions and 90 credit union mergers!

ACH processing: Does the prospective processor offer derived returns and origination templates? How about the ability to warehouse items until the settlement date?

Check processing: Does the prospective processor generate a return file that your credit union can automate? Do they offer return credit file processing? Do they support the length of your check and account numbers?

Per FFIEC, you must conduct a risk assessment before making a change to any significant business process or product.

If you currently warehouse your ACH items and post by settlement date, ensure that a new processor will do the same. Some processors will require posting on receive date rather than settlement date, which could change your risk and liability.

Understand any new ACH SEC codes, like WEB and TEL, and the added risk and warranties associated with offering them.

If not, these might be features you'll miss having later.

Check whether this will require a change in your Federal Reserve set-up.

Determine if any existing relationships will need to be severed as a result of their way of processing. Not all vendors provide a choice of where your transactions can be processed and/or settled. Determine this prior to signing a contract with a new processor.

Do you need to dump your warehouse of ACH items?

Do you need to change or stop transaction templates?

What system do you need to return items through? (Hint: Usually it's the system of origin!)

In the event that your new processor (or the processor they use to ultimately process the transaction) goes down, is there a documented and tested contingency plan for your processing?

Some processors charge a fee for additional connections or users.

In the case of a credit union merger, many of the "Moving Questions" will apply. But there are a few additional questions to ask.

## Checklist of Merger Questions

In a combined file, both credit union routing numbers are intermingled within the file with one header and one footer record. This option is only available for ACH Receipt files.

In a stacked file, both credit union routing numbers are contained within the same file, but they are kept separate by routing number and each has their own header and footer record. This option is only available for Member Checking files and ACH Receipt files received via FTP.

A complete analysis of account numbers at both institutions needs to be reviewed before

combining any product operations and files.

Changes to processing can be made via the Fed's merger matrix in lieu of completing individual sets of paperwork/forms. Your merger coordinator can also help ensure that all processing has been considered and help evaluate your current set-up.

You can locate your merger coordinator by going to [frbservices.org](http://frbservices.org), clicking on "Contact" in the upper-right corner and then inputting your routing and transit number in the "Search by ABA" field. This will display all your credit union's Fed contacts. Merger contacts will appear near the bottom of the page.

Moves of any kind have the power to improve our lives and set us up for future success - so long as we ask the right questions first! Keep these checklists in your back pocket to ensure your move between core processors or a merger with another credit union is the right decision. And if you remember just one thing, make it this: At Alloya, our job is to make your job easier. So, start your planning here.

For more information about core processor transitions and credit union mergers, please contact the author, Kathy Feringa, at [\*\*kathy.feringa@alloyacorp.org\*\*](mailto:kathy.feringa@alloyacorp.org) or Member Product Support at [\*\*membersupport@alloyacorp.org\*\*](mailto:membersupport@alloyacorp.org).