

Changing Payment Service Providers

General

INTRODUCTION AND PURPOSE		
Planning	Completed	Comments
1. Develop a list of the services, the volume of activity processed via those services, and the level member support currently being provided by the corporate credit union(s).		
2. Obtain a detailed description of the services provided by the corporate credit union(s).		
3. Determine whether the corporate's services or a third party relationship(s) compliment the credit union's overall mission and philosophy.		
Risk Assessment	Completed	Comments
1. Conduct an appropriate risk assessment to determine the exposure related to corporate provided services versus exposure related to third party relationship(s). The risk assessment should address, but not limited, to the following areas:		
(a) Risk areas that could be affected by changing from a corporate credit union to a external third party arrangement (e.g., credit, liquidity, transaction, compliance, strategic, and reputation risks);		
(b) Expectations of third party relationship;		
(c) Staff expertise;		
(d) Criticality of the activity;		
(e) Cost/benefit analysis;		
(f) Impact on membership; and		
(g) Exit strategy.		
Strategic Business Plan	Completed	Comments
1. Determine whether the corporate credit union's payment systems activities or third party's proposed payment system activities are consistent with your credit union's overall business strategy and risk tolerances. Risk tolerances should be defined in credit union policy.		
On-Going Monitoring	Completed	Comments
1. Evaluate the costs of monitoring a corporate credit union(s) versus a third party program (i.e., staffing, capital expenditures, communications, and technological investment).		
Comparison Analysis	Completed	Comments
1. Compare the corporate services against a third part(ies) services before entering into a relationship. A side by side comparison or similar format should consider, but not be limited, to the following.		
(a) Detailed list of services provided;		
(b) Pricing structure to include future pricing increases;		
(c) Back office processing and support;		

Changing Payment Service Providers

General

Comparison Analysis (continued)	Completed	Comments
(d) Member support and response times;		
(e) Key contract and/or agreements provisions (liability, termination, renewal, loss sharing, etc.) and any specially negotiated provisions;		
(f) Infrastructure requirements (hardware, software, telecommunications, etc.);		
(g) Adjustment and/or charge-back assistance;		
(h) Analysis of insurance coverage and any changes that may be necessary to the credit union's own coverage limits as well as the associated cost; and		
(i) Analysis of termination of services and the effects on your credit union's financial position and reputation if services are abruptly discontinued.		