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## **Your Outsourcing Checklist**

**By Belinda Mumma, senior consultant, enterprise risk management services  
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Does your credit union use third-party vendors, or outsource, for some of your products and services? Outsourcing is an increasingly common strategy used by many financial institutions. Why? Because outsourcing allows you to offer quality products and, often times, reduce costs by using a third-party's resources.

While outsourcing definitely has its advantages, there are also many risks involved. If you choose the wrong vendor, you could face monetary loss, reputational damage, compliance issues and sometimes even operational problems. On the flip side, if you prepare for these risks when looking for outside vendors, you're much more likely to satisfy your credit union's and your members' needs.

When looking at your outsourcing options, keep a "checklist" with these four things in mind:

### **When to Outsource**

The need for outsourcing depends on your organization. Do you have limited resources? Do you need to upgrade your products and services to meet growing demands or stay current with technology? Do you need to reduce your costs? Does the maintenance of your current product or service take away from other aspects of your business?

If the answer to any of these questions is yes, you may want to consider outsourcing. Why should your business suffer when you can offer better products and better service to your members without losing money or losing sight of your strategic goals? Ultimately, if outsourcing will improve your operational efficiencies and your bottom line, it's worth a try.

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### **What to Outsource**

You can outsource almost anything these days. Sometimes you turn to a third party for a member-facing product and sometimes you turn to a third party for internal operations. Everything from mobile banking applications to year-end financial audits are being outsourced.

Some of the most outsourced items for financial institutions include cloud technology, asset liability management, information technology resources, loan processing and more.

### **Selecting the Best Providers**

When selecting for vendors, you HAVE to do your research. In fact, you need to perform what is known as vendor management. In the beginning of the process, you should look at multiple vendors to see what they offer, what their pricing structure is like, how their business model compares to yours, how successful their past work and past relationships have been and so on. All of this can be done through an initial risk assessment.

Look at several options and get proposals from all of them. Compare vendors and see which company is most aligned to your vision, your beliefs, your goals and your needs.

### **Make it Work**

At this point, you've successfully chosen your vendor and have started the outsourcing process. The vendor management process still applies here. Continuous monitoring of vendor finances, compliance and performance is crucial to making your outsourcing relationship a success. If all is well, you can continue to build and improve your business relationship with your vendor.

If you are interested in learning more about the vendor management process and how it relates to successful outsourcing, Sollievo can help. Contact one of our senior consultants at (855) 605-5664 or [seniorconsultant@sollievo.com](mailto:seniorconsultant@sollievo.com).

### ***About Belinda Mumma***

Belinda Mumma has over 12 years of experience implementing and maintaining vendor management and vendor due diligence software. During her career, she also has been responsible for policy and legal review processes; implementing, directing, and maintaining enterprise risk management software; and implementing and maintaining audit and exam findings software

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