

CASE STUDY

Community bank sought partner to battle growing competitive threat

Citizens Savings Bank and Trust sought an IT and operations partner to help it thrive amid competitors encroaching on its traditional customers



Citizens Savings Bank and Trust saw a battle brewing right in its backyard. National and regional competitors were adding branches within a stone's throw of Citizens' base near North Nashville - and offering Citizens' traditional customer base convenient services Citizens didn't have.

Citizens Savings has a special place in Nashville as the oldest continuously operating black-owned bank in the U.S. But by 2017, the small community bank was losing money. Assets hovered at around \$103 million, according to the Nashville Business Journal (NBJ.) One cause was the national expansion of a church-based lending program without sufficient local loan monitoring, the newspaper said.

New leadership was brought in, and a new capital campaign started.

Today Citizens has approximately \$140 million in assets, two banking locations, plus a corporate office location. The Nashville community has invested in Citizens, giving it the ability to invest in improvements.

And when it was able to move forward, Citizens hired ImageQuest to help.

One of the first projects was to change Citizens' core processor, a year-long process guided by ImageQuest's banking advisors. The move improved Citizens' capability to offer more banking services to its customers - and compete with the regional banks moving in on its turf. The change also gave Citizens more flexibility with software conversions, product releases, and other issues.

ImageQuest also reviewed and updated Citizens' policies and procedures, including standard operating procedures.

Next, ImageQuest created a project management system for Citizens, to allow the bank to prioritize and track the additional improvements it wanted. Currently, ImageQuest is working with the bank on streamlining loan operations, including training employees on best practices and correct procedures in loan operations, as well as improvements to its Treasury Management program.

Continued

"The people we have collaborated with at ImageQuest have been fantastic. They have provided us with very candid and helpful advice. (They've) been very open about understanding who we are, where we are, where we want to go, and how we want to get there. They are advising us on exactly how we want to do that."

- Sergio Ora, President and CEO
Citizens Savings Bank and Trust

'A steadfast anchor to Black Nashville'

Citizens Savings Bank and Trust is the oldest continually operating African-American-owned bank in the U.S. Started in Nashville in 1904 as the One-Cent Savings Bank, Citizens served Nashville's Black community when other banks would not. The bank survived the Great Depression, when other banks closed, plus two World Wars.

The bank's original charter said its mission was "to encourage frugality and systematic savings among our people, to secure the safekeeping and proper investment of such savings, and to set in motion business enterprise."

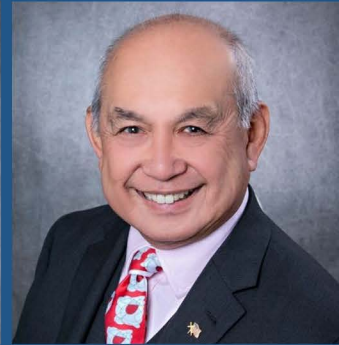
In an interview with The Community Foundation of Middle Tennessee, Citizens' Board Chairman Richard Manson said: "We should not forget that white banks had no respect for Black money or people. Citizens Bank supported many of the movements that took place in the city in the early 60s, making funds available for bail, and in many cases, tuition. ... It has been a steadfast anchor to Black Nashville."

Although its original name suggested one could open an account with a penny, the actual minimum deposit was a dime. The bank achieved \$1 million in capital and deposits in 1946, and \$5 million between 1969-79.

In 2014, the bank accomplished its goal of reaching \$100 million in assets.

Citizens is a Certified Development Financial Institution (CDFI) and its mission is to provide assistance to low- to moderate-income and minority groups to enable them to achieve their economic dreams.

Hear Corey Hammonds and Sergio Ora of Citizens Savings discuss how ImageQuest helped with competitive banking issues.



On the Information Security side, ImageQuest is providing a virtual Chief Information Security Officer to provide guidance and risk management. Our vCISO makes recommendations to Citizens' board and also sits in on IT examinations.

ImageQuest also assists with the bank's Vendor Management Program, provides Security Awareness Training, and provides vulnerability management services. ImageQuest performs a monthly cybersecurity health check to validate processes and ensure technology performed as designed.

"ImageQuest provided that partnership to us which allows us to compete with other institutions of much larger size in a very rapidly changing technological financial services environment," said Sergio Ora, President and CEO. "That enables us to provide digital financial services to customers, people and businesses, in the communities we serve."

Corey Hammonds, the bank's COO and Chief Credit Officer, said ImageQuest's technology and cybersecurity expertise was "vital" to Citizens' plans. Regional competitors have established locations within a mile of Citizens' main office.

"Today, with your customers being able to sit down at a computer, at their home, on their mobile tablet, now they can bank with you from anywhere," Hammonds said. "So it was very, very important that we establish a mobile presence."

While short-term plans call for more branches, Citizens ultimately seeks to grow a national, affinity-driven customer base, similar to the United Services Automobile Association, which serves a global U.S. military customer base, Ora told the NBJ.

"So that if you say, 'I have learned about Citizens Savings Bank. I like what they're doing. I want to support them,' and you happen to be in San Francisco, there will be nothing that will prevent you from [banking] with Citizens."

In Summary:

"We have been very, very pleased with our partnership with ImageQuest. They have provided us with all of the technology knowledge and expertise that we need to become much more effective. We have the ability now to understand and prioritize the types of initiatives that we want to take in transforming ourselves to a very competitive digital financial environment."

- Sergio Ora, President and CEO
Citizens Savings Bank and Trust

"I think the partnership between Citizens Bank and ImageQuest is one that will be here, not just for the short term but also for the long term. We look for partners who want to serve as a partner to the bank. The relationship between ImageQuest and Citizens Bank has moved way beyond a transactional one. We feel like ImageQuest is family, and the relationship will continue to build as the years go on and the bank continues to grow."

- Corey Hammonds, COO and Chief Credit Officer
Citizens Savings Bank and Trust

For Information Security, Banking Operations and Cloud guidance, ImageQuest is your expert source



Sammi Jo Shutt



Emie Bowlby

Why spend time in the weeds of IT and banking operational issues when you could be focusing on what you do best? We can assist with your information security program, improve your banking operations, and provide the reliable IT measures you need. We know the regulatory requirements for protecting data, for configuring Cloud environments - even what examiners are focusing on

with information security, and IT compliance. We can help you prioritize needs, resolve challenges, and tackle needed documentation. Banking is an ever-evolving competitive environment and our Community Bank friends may lack the time and talent to meet new challenges in cybersecurity, operations, and technology. You need an expert partner such as ImageQuest to advise you on priorities and best practices. **Contact us today** to learn more!