

Case Study



TS Bank

Sound Strategic Planning and Technology Choices Result in Unprecedented Growth

Well before the economic downturn struck, leaders at TS Bank had the foresight to prepare. A combination of smart business decisions and investment in technology from Fiserv has sparked bank growth of more than 200 percent since 2004.



TS Bank has seen great results from its careful strategic decisions. In 2009, amid tough times for many of its peers, the organization was recognized for its performance by the Independent Community Bankers of America and Iowa Banking Magazine. The \$180-million bank led all Iowa Subchapter C corporation banks. And in the ICBA 400 evaluation of top-performing community banks in 2009, TS Bank ranked Number 1 for both return on equity (ROE) and return on assets (ROA) among such businesses in the \$100 million to \$250 million asset range. A 2009 American Bankers Association analysis also placed TS Bank at Number 3 among non-S banks and thrifts from \$100 million to \$3 billion in assets.

While the bank has always taken a careful approach, the decision to adopt the Precision® bank platform from Fiserv and move core processing in-house served as a turning point. Lack of data access and poor responsiveness on the part of the bank's previous service provider were key reasons for the change.

"Our operations officer, Gene Young, had said he wouldn't go through a conversion again, but he actually drove us to it, because he felt we were losing the ability to serve our clients," recalls Josh Guttau, president and CFO of the bank owned by his family.



Client Profile

Founded in 1923, TS Bank is a growing force in Treynor, Macedonia and Council Bluffs, Iowa. Guided by the Guttau family and their dedication to "hometown service," it now holds \$180 million in assets, as well as national and statewide performance honors. The bank focuses on serving small businesses and agriculture-based customers, and also provides wealth management services.

Equally important is TS Bank's spirit of giving. Recent gifts include \$750,000 to support a local sports complex and create a K-12 financial literacy program.



Empowered by Technology

Upon converting to Precision, the financial institution experienced an immediate return on investment of 20 percent, even after hiring an administrator to manage the in-house system. Now, TS Bank harnesses Precision's valuable analytics, efficiencies and integration—making for a successful, technology-focused community bank.

"We want to be on the leading edge. Fiserv is our R&D department when it comes to bank technology. When we need a solution, we call Fiserv first," Gutttau says. Fiserv's innovation and thorough testing processes support TS Bank as it deploys solutions that fit its market.

Reporting capabilities in Precision have empowered TS Bank leaders with valuable information. They no longer have to rely on a third party, because multiple employees can build reports in Precision. "We have access to all of our data and statistics for report generation," notes Gutttau, "and we use those reports to make timely decisions and improve service."

"As I often tell our employees, banking is technology. If we have the right technology and the right people, we will be competitive."

Josh Gutttau

President and CFO
TS Bank

By adopting a business process management solution from Fiserv, the bank enhanced the new account opening process for both employees and customers. Thanks to the efficient workflows of Business Process Manager, staff members spend less time on procedural items so they can talk more with customers and build strong relationships. In addition, the integration between Business Process Manager, and both Precision and the Director™

document management system saves time and eliminates the hassle of scanning paper documents into the system.

That certainly helps Gutttau and his team as they pursue the objective of becoming a paperless organization. Since moving to imaging and item capture at the front and back counter, the bank has:

- Eliminated courier costs equal to one front-line employee
- Reduced monthly paper costs by 40 percent
- Freed up two office spaces previously occupied by old item processing hardware

TS Bank also supports a paperless environment and provides convenience by offering retail and business online banking, e-statements, mobile banking and merchant capture.

The bank's investment in a new IBM core server has improved processing speed, while server virtualization enables faster deployment of integrated products, and reduces hardware and environmental costs.

The completeness and integration of the Precision package has been a significant force in the bank's success. "I don't know what we'd do today if we weren't in-house with Precision and Fiserv," declares Gutttau.

Smart Positioning Spurs Performance

The efficiencies and cost savings generated by Precision set the stage for the bank's next smart move—preparing for a negative economic cycle. TS Bank protected itself before the crisis hit by spending significant time and resources on economic analysis and interest rate monitoring. At the same time, deposits flowed in, as many consumers decided to return to the security offered by community banks.

“We were able to lock in some great margins when other banks, hedge funds and insurance companies were liquidating,” says Guttau. “We didn’t think the economy was going to be this bad, but we hit a grand slam when we were planning to hit a double or triple.”

That grand slam has resulted in significant asset growth driven by deposits. TS Bank’s new branch in the neighboring Council Bluffs metro area sparked 20 percent of the growth. The trust department, wholesale business, and commercial and investment businesses also contributed.

Paying It Forward

Even with all that success, Guttau says it wouldn’t be possible without the bank’s employees and community.

Exemplifying its dedication to a strong, technology-focused employee culture, TS Bank reinvested considerable earnings to refine its hiring process, double its education budget, upgrade staff workstations and more:

- For 2010, the bank boosted its professional development budget from \$2,000 to \$3,500 per full-time employee.

- To advance their software knowledge, staff periodically take online courses available through Virtual Trainer for Precision, and sometimes attend classes on a Fiserv campus.
- The bank schedules Operational Reviews, during which a Fiserv expert provides an on-site analysis of how staff are using the software. Guttau says each review results in process improvement and boosts employee morale.

To ensure the right mix of people to fit a progressive direction, Guttau says his bank reduced employees who weren’t on board with the planned changes while adding others who fit the culture. The financial institution’s employee base is 25 percent larger than two years ago and includes a full-fledged, proactive business development team.

Whether interacting with employees or the community, this family-owned bank is dedicated to paying it forward. Guttau’s mother, Judy, leads the bank’s charitable giving program, which has donated significant funds to local facilities and to start financial literacy programs in the school and community.

Top Performance

“Towers of Strength” – that’s how the Independent Community Bankers of America (ICBA) described top-performing community banks in its annual evaluation of financial institutions that stood tall through the recession.

In the 2009 report, TS Bank ranked Number 1 in the country among all Subchapter C corporations with \$100 million to \$200 million in assets. The ICBA 400 placed the Treynor, Iowa-based bank at the top of its lists for both return on assets (ROA) and return on equity (ROE).*

*Apryl Motley, “The ICBA 400: Towers of Strength,” ICBA Independent Banker, June 2010, pp. 20-37.

Fiserv is driving innovation in Payments, Processing Services, Risk & Compliance, Customer & Channel Management and Insights & Optimization, and leading the transformation of financial services technology to help our clients change the way financial services are delivered. Visit www.fiserv.com for a look at what's next, right now.

"A few years ago when we expanded, we were losing money. That's when we decided to set 10 percent of our net income before tax as our benchmark for charitable giving and community reinvestment. Less than two years later, we hit the Number 1 spot for performance," recalls Gutttau.

"I tell people that 10 percent looks like a large output of our success, but it actually is the biggest input to our success. We are very fortunate."

Josh Gutttau

President and CFO
TS Bank

Ready for the Future

TS Bank plans to continue down a successful path by doubling its size through deposit growth in the next five years and growing its staff by 40 percent. "We feel this is feasible with a continuous adoption of technology to help us run our business," says Gutttau.

The bank is in the process of implementing an online-only branch and anticipates one or two new brick-and-mortar locations, most likely in Council Bluffs, where many of its customers work and attend college.

Connect With Us

For more information about the Precision bank platform, contact us at 605-362-1260 or visit www.precision.fiserv.com.



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Challenge

TS Bank leaders defined a new strategic direction to transform to a more progressive, technology-focused community bank and improve service response. The bank needed a partner with innovative, integrated solutions to take it to a higher level.

Solution

The bank selected the Precision bank platform from Fiserv and also switched from outsourced to in-house processing. Fiserv provides the bank with the flexible and efficient technology it needs to grow.

Proof Points

TS Bank executives made many wise business decisions, including investing in additional Fiserv solutions. As a result, the bank has:

- Achieved high performance that led to its being honored by the Independent Community Bankers of America, Iowa Banking Magazine and the American Bankers Association
- Grown assets 230% since converting to Precision in 2004
- Opened a new metro area branch attracting \$20 million in new deposits
- Added a business development team
- Garnered control over its system, providing access to data that enhances growth and service quality
- Reduced paper costs by at least 40% and eliminated courier costs
- Increased charitable giving to 10% of net income before tax