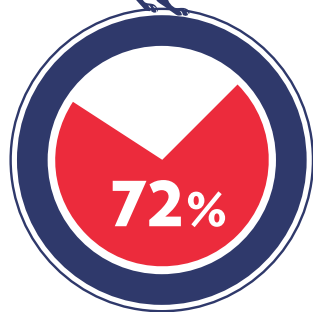


COMMON MYTHS AND MISTAKES

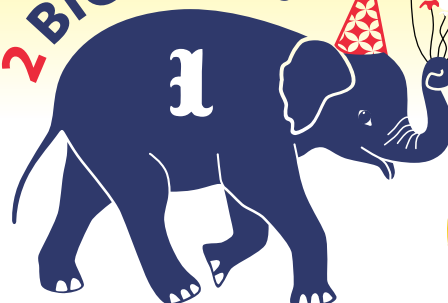
ABOUT **VENDOR MANAGEMENT**
FOR **COMMUNITY BANKS**
AND **CREDIT UNIONS**



72% of financial institutions polled by Safe Systems® are **NOT** using a vendor management application



2 BIG ISSUES



The **institution** is responsible for managing **risks of all areas** of operations, including what is performed by outside vendors

THAT FINANCIAL INSTITUTIONS FACE



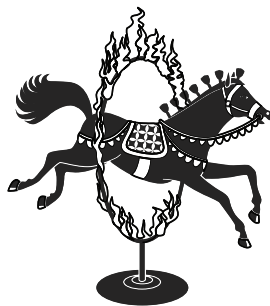
Financial institutions struggle to keep up due to the number of vendors and complexity of evaluating the risks involved

EXPOSING YOURSELF TO RISK



REGULATIONS

The FFIEC makes it clear that banks and credit unions need to provide examiners with proper documentation and reports regarding their vendor management program



REPUTATION

How much damage can your financial institution's reputation absorb if you are unable to provide customers with critical services due to a vendor's negligence?



DATA BREACH

Without properly vetting and managing your vendors, you may expose your financial institution to a data breach or other cybersecurity disaster



SHUT DOWN

Managing vendors properly will help identify the risks and necessary controls to avoid a disruption in operations.

TOP VENDOR MANAGEMENT MYTHS AND MISTAKES



“We already do it”

This myth comes from the assumption that the accounts payable software is sufficient as a tool for managing vendors. Unfortunately, this myth can cost banks and credit unions in time, security, resources and unplanned expense.

“We keep a list of all vendors, so we’re good”

This mistake is a carryover from the days before examiners took a heightened interest in vendor management. Recently, the FFIEC has strengthened their statements to emphasize the need for a true, comprehensive vendor management program. Having a list is only the beginning.

“We update our vendor list once a year”

This mistake may come from the notion that you only need to pass your annual exams and nothing more. The FFIEC recommends specifically that banks and credit unions have a program that uses a living, breathing document and provide this process with continuous reviews, updates and additions as necessary.

“We only include the critical vendors, such as our core provider”

It is a mistake to prioritize and include only the high profile or critical vendors in your vendor management program. Unfortunately, every vendor exposes your financial institution to risks, therefore you need to understand the risks each vendor poses and outline plans for mitigating those risks. Also, you want to document that you did evaluate all vendors to identify your critical high risk vendors.

“Since we performed due diligence when we contracted with a vendor, we are OK”

Although it is great to perform proper vetting when entering into a contract with a new vendor, it’s a big mistake to assume that is sufficient. As with the entire process, vendor management needs to be a part of how your financial institution operates day to day with periodic reviews, updates and necessary changes.

“The examiner didn’t mention it, so we must be OK”

Both myth and mistake, this thought can expose your institution to enormous risks. Vendor Management is a way of operating, allowing you to better understand and protect yourself from inherent risks. Almost every institution that receives a MOU or MRA in an exam passed their exam with what they were doing the time before.

“We outsource certain functions and those vendors assume the associated risks”

This myth has mysterious origins and it is simply not true. Outsourcing a service does not outsource your risks and your responsibility to mitigate those risks.

Try the **Vendor Management** app from
Safe Systems risk free for 30 days

 **Vendor
Management**

www.safesystems.com/vendor-management

