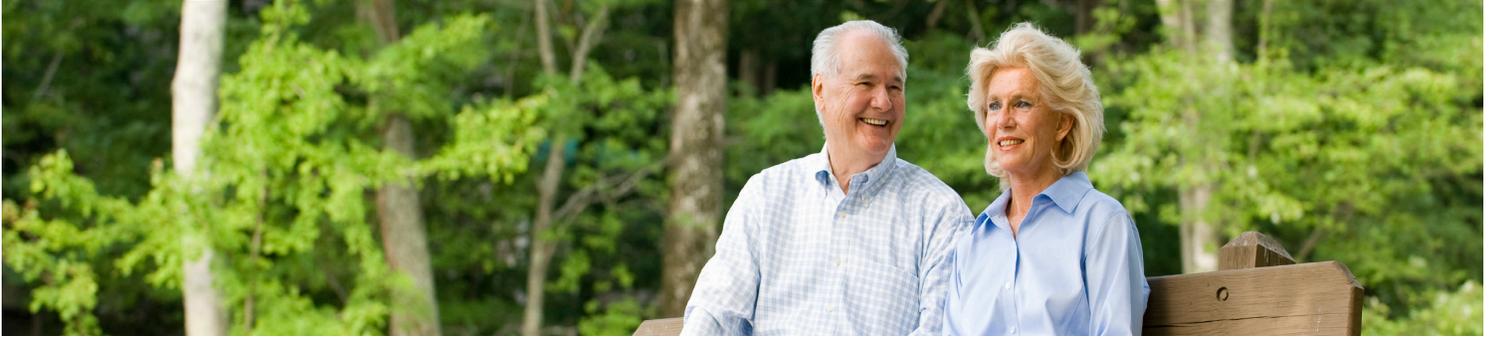


# Strategic Information Technology Success Story



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*Scott Cameron, Vice President of Finance and Deposit Services for HomEquity Bank*

## HomEquity Bank

### A Strategic Information Technology Success Story

“With over 14% compounded annual growth in our mortgage portfolio over the last five years, we needed to secure access to alternate funding in order to meet the demand for loans,” says Scott Cameron, Vice President of Finance and Deposit Services for HomEquity Bank. “So, in 2008 we started to conduct research on the possibility of becoming a bank. Our business model, well documented financial history, detailed planning, and choice of Portfolio Plus as a banking platform all contributed to our success in being approved by OSFI to become a bank.”

HomEquity Bank is the only national provider of reverse mortgages in Canada, a product designed to provide Canadian seniors access to the equity built up in their homes. With the average Canadian between the ages of 55 and 65 having less than \$125,000 in their RRSP, and 84 per cent of seniors who say they don't want to move out of their house, HomEquity Bank is positioned to offer a unique solution to Canadians who need more funds to enjoy retirement on their terms.

### **The Decision to Become a Bank**

HomEquity's decision to become a bank turned out to be a prescient move. In 2007, as the company began feeling the onset of what would soon become a financial crisis, it began to examine different funding sources.

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The company looked to individual investors who liked the security offered with Guaranteed Investment Certificates (also known as GICs or Term Deposits) and treasury bills—investments that are typically backed by a government agency like the Canadian Deposit Insurance Corporation (CDIC).

To offer CDIC-backed GICs, HomEquity needed to obtain a banking license from the Office of the Superintendent of Financial Institutions (OSFI). They also needed a banking platform that was, ideally, in use by many OSFI-approved institutions.

“We researched the market and contacted a number of our peers in the industry, and the banking software platform we heard the most positive feedback about was Portfolio Plus from Strategic Information Technology,” Cameron said. “So, we gave them a call.”

HomEquity decided to meet with Strategic Information Technology to find out why so many financial institutions had good things to say about Portfolio Plus.

“Strategic Information Technology sat down with us to understand what exactly we needed before we finalized our decision on a deposit platform,” Cameron said. “We had plenty of questions ranging from system requirements, implementation challenges, and ongoing support. SIT helped us map out the timelines and financial outlay, which we worked into our business forecasts.”

“As part of our OSFI application process, we made the decision to purchase Portfolio Plus,” said Cameron. “One of the first steps was to attend SIT’s Implementation Strategy Workshop to lay out the project plan and our mutual responsibilities.”

“We find the secret to a successful implementation is ensuring that both the customer and the vendor know what their responsibilities are,” said G. Robert Leeming, President of Strategic Information Technology. “That’s what our Implementation Strategy Workshop is all about. Once this workshop is complete, the customer’s information technology team should have a clear understanding of the timelines, dates, and expectations of both the customer and SIT. This is where subjects like disaster recovery accommodation and training are put into the project plan. We’ve found this experience dramatically increases the likelihood of a successful implementation.”

In addition to a project manager, SIT assigns people from its Software Migration Services Group and its Technical Services Group to participate in the implementation as the customer and SIT move together towards a live date. That typically involves weekly calls.

### **Preparing for OSFI Visits**

OSFI visits all prospective financial institutions before they can open their doors in Canada. The regulator’s visit is intended to ensure that an institution is confident and knows how to run its platform.

“We offer to be onsite to help our customers during any visits by OSFI,” Leeming said. “But, ultimately, OSFI wants to see that the customer is adequately prepared to operate the platform independently. This is why making training a priority is critical. SIT helps the customer gain enough knowledge so they can demonstrate their expertise to OSFI. HomEquity obviously satisfied the OSFI requirements without any issues.”

“We went live on October 20, 2009, accepting our first deposit,” said Cameron. “And we broke out the champagne.”

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## **The Outlook**

Today, HomEquity Bank manages over half a billion dollars in deposits with two full time staff members. This efficiency is achieved through the automated process included with Portfolio Plus. In addition, HomEquity Bank has the power to adjust its funding by simply adjusting GIC rates.

“The beauty of Portfolio Plus is that you plug in extra functionality when you need it,” said Leeming. “That’s how we designed it and that’s why our customers recommend it,” he said.

HomEquity’s deposit platform meets their current needs and opens the door to more capabilities in the future.

“If someone is looking to acquire a deposit platform, I would definitely recommend Portfolio Plus,” Cameron said. “It’s allowed us to raise funds to respond to loan demand, and it’s a critical part of our core banking strategy moving forward.”

## **About HomEquity Bank**

HomEquity Bank, a Schedule I Canadian Bank, is the only national provider of reverse mortgages to Canadian seniors. HomEquity Bank originates and administers its reverse mortgage solutions under the CHIP Home Income Plan brand.

HomEquity Bank’s predecessor, Canadian Home Income Plan Corporation (CHIP), founded in 1986, pioneered the reverse mortgage concept in Canada and has been in the business for more than 20 years. Canadian Home Income Plan Corporation recently changed its name to HomEquity Bank after it received its bank charter on October 13, 2009.

HomEquity Bank also issues Guaranteed Investment Certificates to Canadian Investors through a network of Canadian deposit brokers.

HomEquity can be reached at [www.homeequitybank.ca](http://www.homeequitybank.ca) or by phone at 416-925-4757.

## **About SIT**

SIT, formed in 1988, develops and markets Portfolio Plus, an extensible banking system that enables customers to plug-in new functionality as required. This is accomplished via SIT’s unique Plug-In Banking™ architecture, Financial Services Bus™, and Open Banking Interface™ that combine to extend Portfolio Plus functionality to other applications. SIT’s banking software enables credit unions, banks, trust companies and building societies to offer web banking, loans, loan securitization, investments, term deposits, wealth management, retail, ATM/POS switch interfaces for debit cards, and credit bureau interfaces. Portfolio Plus can also be tailored, on request, to meet specific customer requirements.

SIT can be reached at [www.stratinfotech.com](http://www.stratinfotech.com) or by phone at 905-640-0808.

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