



Case Study



Yampa Valley Bank: Genuine Hometown Banking

Chartered in 2000, Yampa Valley Bank is the only locally owned community bank in the Yampa Valley. A beautiful section of northwest Colorado, the Yampa Valley is home to ranching, a world class ski resort and the picturesque Yampa River, which runs freely through the heart of downtown and on westward to ultimately join the Colorado River.

With two respective branches in the cities of Steamboat and Craig, the bank takes pride in being the leader in local lending and “everywhere” when it comes to sponsorship and support of community, according to Becca Knowles, Yampa Valley Bank’s Vice President and Senior Operations Officer.

CHALLENGE

Yampa Valley Bank is dedicated to serving the communities of Steamboat and Craig in northwest Colorado, and over a fruitful five-year period of growth, the bank doubled its assets. However, an unfavorable core processing contract added negative consequences to the bank’s growth. The bank reached a point where it wanted to perform due diligence and evaluate the technology landscape to find the best path toward nurturing scalable growth.

SOLUTION

The bank’s leadership team reached out to Arriba Advisors to help examine the vendor landscape. Using their 150 years of combined experience on both the banking and vendor sides, Arriba was able to help the bank negotiate better contract terms, improve its scalability position and ensure a successful future for years to come.

“They like to say branch banking is dead, and that’s not the case at all for us,” said Knowles. “We have tons of customers that come through our doors on a daily basis, and our dedication to our customers has been a major driver of our growth.”

Over the last five years, Yampa Valley Bank doubled its assets, recently crossing the \$500 million mark. Knowles credits the rapid growth to the bank’s unparalleled ability to help customers in their time of need. She said the bank led the entire Yampa Valley in PPP loans issued during the pandemic, which helped enrich relationships with current customers and spurred a large increase in new ones.

Rapid Growth Comes at a Cost

Unfortunately, the growth had unintended negative consequences for the bank, as well. Increased demand for new services and banking products exposed a flawed partnership between the bank and its core

provider. The bank realized it was time to examine the technology landscape to find a more beneficial core processing partnership.

Knowles said the increasing number of customers was detrimental to the bank’s bottom line, because it forced the bank to pay more for services than what was initially agreed upon. In addition, Knowles said their contract lacked the terms and realistic service level agreements they needed to hold their provider accountable.

“It felt like our partnership didn’t enable us to fully capitalize on our growth,” said Knowles. “For example, our debit card adoption over the last 10 years has grown exponentially, but we garnered little benefit from it and didn’t see the income we feel we should have.”

The bank needed a team of experienced financial services consultants that understood the industry and knew how to evaluate technology vendors to



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provide Yampa Valley Bank the most winning outcomes based on its specific circumstances. That's why the bank contacted Arriba Advisors.

The Arriba Advisors Difference

Knowles said she wasn't fully convinced by the first few consultants the bank had contacted. But, Arriba Advisors set themselves apart with a big gesture.

"Arriba invested a lot of upfront time with us, before we decided to partner with them, to make sure they fully understood our challenges, aspirations for growth, and what we needed from a technology partnership to succeed," said Knowles. "It was a big olive branch because they basically said, 'Hey, even if you don't go with us, please fix these issues or they're going to hurt you in the future.'"

Knowles added that Arriba's desire and commitment to help the bank improve both financially and strategically, even without a signed agreement in place, established a trust factor that the bank's leadership felt would continue after signing a contract to work with the firm.

Establishing Accountability at the Vendor Level

In addition to more favorable contract terms, Yampa Valley Bank wanted a provider who would value the bank's input and prioritize their requests for enhancements.

As an example, the bank fought for years to enhance customer automatic payments implementation. Previously, if a customer wanted to set up a recurring rent payment on the first of the month, the bank's systems were unable to test the customer's account for funds on the payment date. So, customers paying rent automatically on the first had to make sure their account had the proper funds at least two days prior. As a result of the Arriba negotiations, this will no longer be the case.

"Now, we have a commitment to having automatic payments deployed by the end of this year. We've already tested it, and it works exactly the way we want it to work," said Knowles.

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– Becca Knowles, Yampa Valley Bank's Vice President and Senior Operations Officer

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New Terms Pay Dividends Immediately

The bank has been working with a new team of client managers to build a winning strategy for launching new services over the next few years without having to pay exorbitant costs or excessive implementation fees.

Also, in the first month under a new service level agreement, the bank received a significant invoice credit because the online banking service didn't have the negotiated uptime the bank was promised.

Knowles said Yampa Valley Bank is now in a great position to scale up successfully because of the work Arriba Advisors did to transform the bank's core partnership.

"The biggest advantage of Arriba as a negotiation partner is that they see the full picture, and they know how to hold vendors accountable to exactly what they are capable of delivering to the bank," said Knowles.

"The core provider is less likely to misrepresent because you've got Arriba on the phone going, 'No, I know you can do better than that.' It literally happened that way for Yampa Valley Bank. It was very impactful and confirmed our confidence that we made the right decision in hiring Arriba as our negotiation partner."

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