

Merging tech stacks

Deciding what to keep for seamless transition



by **Vaidik Trivedi** — August 10, 2023 in **Center of Excellence** Reading Time: 3 mins read

The finance industry has seen a wave of bank mergers this year amid uncertain macroeconomic conditions and a high interest rate environment.

First Citizens Bank acquired a part of [Silicon Valley Bank](#), [JPMorgan](#) absorbed **First Republic Bank**, and last month **PacWest Bank** and [Banc of California](#) announced a merger.

And more mergers are expected through the end of the year, **James White**, general manager of banking at software-as-a-service provider **Total Expert**, told *Bank Automation News*.

Merging can be a long process as the banks might use different core technologies, different digital functionality and different features prioritized for their customer bases, **Rohit Jayachandran**, head of banking and financial services at **Mphasis**, a cybersecurity and automation service provider, told *BAN*.

“It usually takes between 18 to 30 months for a merger to go through [talking from a tech perspective],” Jayachandran said. “We have worked on multiple bank mergers, and it boils down to evaluating what tech stack is better, what to keep and what to discard.”

The first three to six months involve analysis and the next 12 to 18 months focus on implementation, Jayachandran said. Customers don’t see any major changes in banking operations for at least 18 months, he said.

During mergers, there is a “surge capacity” in work that is required, and banks tend to go to third-party providers to aid the process, Jayachandran said.

When a big bank is absorbing a small bank, the aim is to “keep the specialization of the [smaller] bank intact, while learning to leverage the scale of the [larger bank] from a technology perspective,” he said.

Third-party expertise

Digital delivery platform **Savana** can ease the merger transition, said President and Chief Operating Officer **Emily Steele**.

“One of our largest value propositions is that we can help because we can fit across multiple cores at the same time,” Steele said. “So, while a bank is [going through] that acquisition, they can layer our operationalization software across the entire tech stack.”

The merger between PacWest and Banc of California should be a “smooth integration,” **Jared Wolff**, chief executive officer of Banc of California, said in a July 25 release.

“We believe that uniting the talent and expertise from both organizations, along with our cultural similarities and deep familiarity with each other’s business, will accelerate the execution and delivery of strong and growing franchise value for all stakeholders,” he said.