

Post-M&A Consolidation

Strategies for De-Risking Integration
and Accelerating Value in
Multi-Core Banking with Naehas





TABLE OF CONTENTS



	Executive Summary	03
1	Understanding Post-M&A Consolidation Challenges: The Hidden Technology Obstacles to Value Realization	04
	➤ System Complexity and Integration Delays	
	➤ Outdated and Non-Rationalized APIs	
	➤ Hard-Coded Products vs the Need for Personalization	
	➤ Product Proliferation and Conflicting Data	
	➤ Compliance Risk from Integration Errors	
2	Core Banking Strategies in Post-M&A Consolidation	07
3	Optimizing Multi-Core Banking Environments M&A with Naehas	08
4	How Naehas Compares	12
	A Partnership in Progress: Leading Regional Credit Union's Post-M&A	13
	Conclusion	15



Executive Summary

M&A activity is on the rise.

In the U.S., 43% of bank leaders say their organization is very or somewhat likely to acquire another bank by the end of 2025, up from 35% a year earlier.* This trend is mirrored in the UK, where banking sector M&A deals increased by 32% year-over-year from 2023 to 2024. Ideally, merging two banks should create a stronger institution, but without the right strategy, it can lead to fragmented systems, higher costs, and increased compliance risks.

Banks pursue mergers and acquisitions to drive value through cost savings, revenue synergies, and strategic growth. By eliminating redundancies, improving cross-selling opportunities, leveraging economies of scale, and rationalizing operations, they aim to build more efficient and competitive institutions.

However, capturing this value is often hindered by post-merger consolidation challenges, including integrating multiple legacy systems, fragmented APIs, and product proliferation. **In fact, 53% of bankers in a recent survey* named post-merger integration as a top challenge in successfully executing an acquisition.**

While post-M&A consolidation does not always require a full core migration, merging institutions are frequently on different cores. Over time, this necessitates key decisions around core banking strategy and digital transformation.

This whitepaper provides banking executives with insights into the technical complexities of consolidation and explores innovative strategies to overcome them.

It addresses critical questions such as:

- How can banks accelerate post-M&A integration and realize value faster while minimizing disruption?
- What are the alternative core banking consolidation strategies?
- How can banks simplify product management and pricing across multiple legacy systems to improve time-to-market and customer experience?
- What compliance risks emerge from misaligned product pricing and regulatory disclosures during core banking consolidation?
- How can financial institutions modernize core banking infrastructure without undertaking a risky full-scale core replacement?

*Source Bank Director M&A Survey

** Source The Banker

By outlining key technical challenges and presenting a strategic roadmap, this whitepaper equips banking leaders with knowledge on how to accelerate post-M&A integration, mitigate risks, and unlock long-term value. In doing so, it helps ensure that mergers truly create a strong, more competitive institution.



Understanding Post-M&A Consolidation Challenges:

01

While banks pursue M&As to achieve cost efficiencies, revenue growth, and strategic expansion, the integration process often reveals unforeseen obstacles, particularly in technology. Without a clear strategy to simplify and rationalize systems, the expected value of a merger can take longer to materialize or be significantly reduced.

System Complexity and Integration Delays

It's not uncommon for the initial mapping and planning phase of a system consolidation post-M&A to take 6 to 18 months before any migrations or customer-facing improvements occur. **The complexity and duration of integration depend on several factors:**

- Size of the institutions
- Number and age of systems
- API compatibility
- Extent of customizations and legacy code
- Hosting infrastructure
- Data quality
- Complexity of product offerings and customer-facing channels

Outdated and Non-Rationalized APIs

- **Ecosystem of Modules:** Core banking is rarely a single monolithic system. Instead, it consists of multiple modules for deposits, lending, payments, and customer management—often built with different technologies across merging entities.
- **Incompatible API Landscape:** As banks merge, they inherit an array of custom-built integrations, hardcoded dependencies, and siloed data structures. This patchwork can lead to a “spaghetti web” of redundant APIs, each performing similar functions in different ways.
- **Complex Rationalization:** Rather than a smooth transition, post-M&A integration often uncovers overlapping APIs that are challenging to align or retire. Rationalizing these integrations can be both time-consuming and costly, slowing the pace of consolidation.
- **Fragmented Data and Increased Risk:** Multiple API versions across channels can result in inconsistent customer data, while hardcoded dependencies raise the likelihood of errors and operational disruptions. These issues undermine the goal of a unified banking experience post-merger.



Core banking is rarely a single monolithic system.



Hard-coded Products vs the Need for Personalization

Today's banks face growing demand for personalized financial products. Customers no longer want generic credit cards or checking accounts.

They're interested in intelligent banking, such as:

- Personalized spending insights
- Automated savings wallets
- Tailored investment recommendations
- Behavior-based incentives
- Relevant product suggestions



Post-M&A, banks must unify product offerings, but in many banks, products are hardcoded into legacy core systems, meaning that their features, pricing, and eligibility criteria are rigidly predefined and difficult to modify.

This lack of flexibility hinders the ability to offer the personalized banking experiences customers have come to expect. As any change, whether it's a new pricing structure, a targeted offer, or a customized bundle, requires extensive IT intervention, long development cycles, and costly system updates.

Product Proliferation and Conflicting Data

One of the biggest operational burdens banks face, regardless of their core platform, is uncontrolled product proliferation—where even slight parameter changes create a new product instead of applying a rule to an existing one. For example, a bank might technically offer just a few credit cards, but due to the way legacy core banking systems function, they end up managing thousands of product variations.

Product proliferation happens when even slight parameter changes create a new product instead of applying a rule to an existing one.

This makes compliance, governance, and customer management highly complex, as banks must:

- Maintain multiple versions of products
- Manually apply updates as interest rates change
- Preserve consistency across different regulatory environments



During an M&A-driven system consolidation, this challenge multiplies. Each bank brings its own bloated catalog of products, often with overlapping but slightly different configurations, leading to inefficiencies and compliance risks.

Without a structured approach to product rationalization, financial institutions can struggle with:

- Redundant offerings
- Increased maintenance costs and inefficient operations
- Errors in applying fee or rate changes
- Significant regulatory and customer experience risks, as inconsistencies in pricing and disclosures can lead to disputes, fines, and reputational damage



Compliance issues in banking often stem from a lack of transparency and auditability in product offerings and disclosures.

Compliance Risk from Integration Errors

Compliance issues in banking often stem from a lack of transparency and auditability in product offerings and disclosures.

- **Risk Of Mis-selling:** A recent example was the mis-selling of financial products, where fees or commissions were embedded into interest rates without clear disclosure, leading to regulatory crackdowns years later.
- **System Gaps:** Without a robust system to track and retrieve historical product terms, fees, and conditions, banks face massive compliance risks, revenue leakage, and operational inefficiencies.
- **Manual Verification:** Customer disputes become costly, as verifying past disclosures requires extensive manual effort, often leading banks to settle claims rather than investigate.

A clear, version-controlled audit trail of disclosures can significantly reduce disputes, improve regulatory compliance, and enhance customer trust by providing full transparency into past transactions.

Addressing these challenges requires a proactive, well-structured integration strategy. Banks that prioritize system simplification, API rationalization, and product consolidation will be better positioned to capture the full value of M&A transactions while minimizing disruptions and risks.



Core Banking Strategies in Post-M&A Consolidation

02

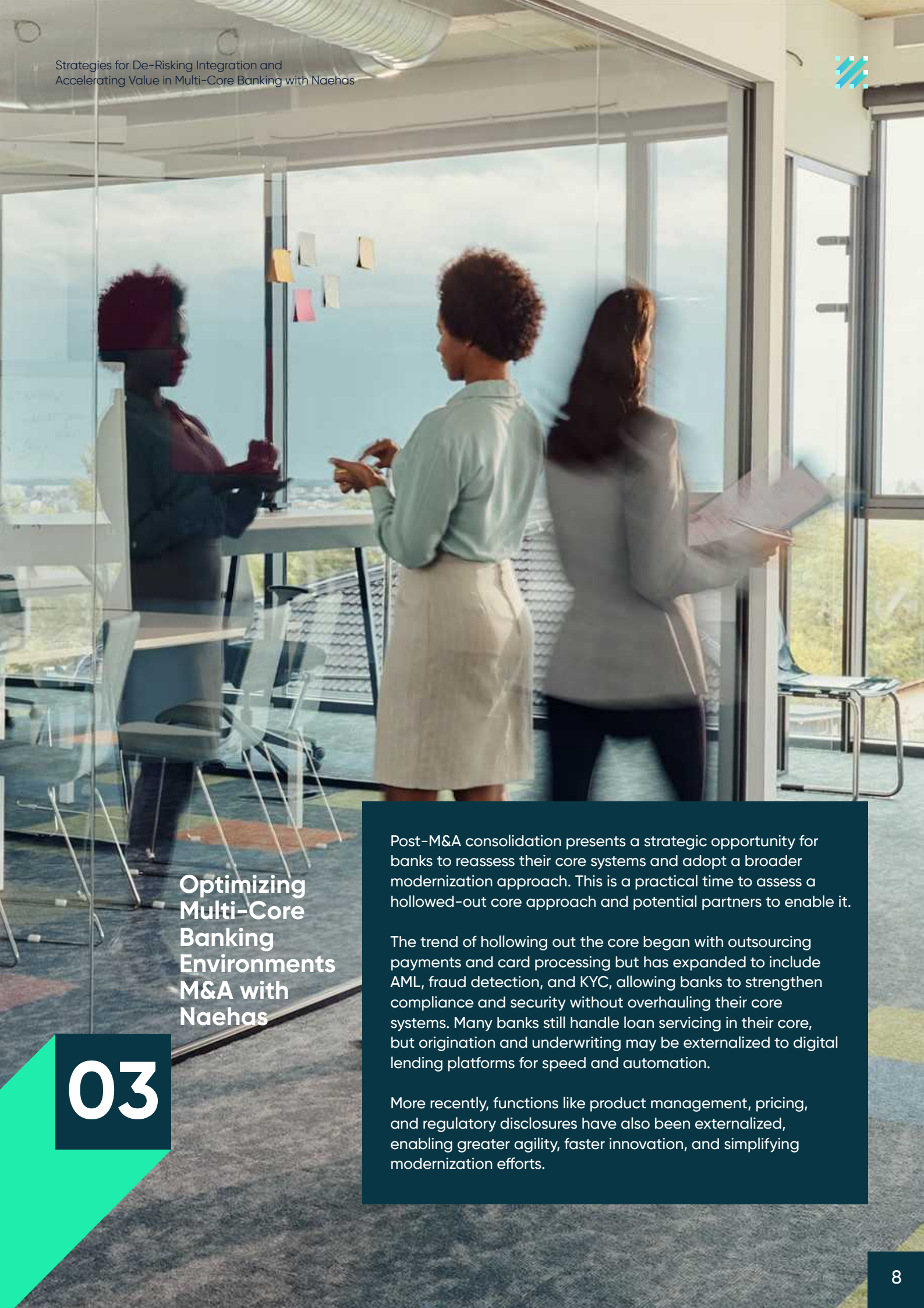
Post-merger integration requires strategic decisions on core banking system consolidation and offers an opportunity to rethink technology strategy more broadly. Effective integration is key to realizing synergies, improving efficiency, and delivering a consistent customer experience post M&A.

Banks typically consider the following options:

- **Big Bang (Rip-and-Replace):** Consolidates operations through a full migration to a single core platform but requires careful planning to mitigate risks like data migration challenges and service interruptions.
- **Maintain Separate Cores:** Avoids immediate consolidation by keeping both systems intact, sometimes using middleware for limited interoperability. This minimizes disruption but increases long-term maintenance costs and operational complexity.
- **Best-of-Breed Integration:** Selects the strongest systems from each institution to build a composite platform. While leveraging existing strengths, this can introduce complexity and may not resolve inefficiencies in legacy systems.
- **API-Led Integration:** Uses an API layer to enable interoperability without replacing core systems, allowing flexibility and faster service integration. However, it may not address deeper system inefficiencies.
- **Progressive Modernization (Iterative Strangulation):** Gradually replaces legacy components with modern solutions, enabling continuous improvement while minimizing disruption.

Many banks struggle with modernization due to outdated systems, fragmented transformation efforts, and limited awareness of advanced solutions. Each strategy presents trade-offs in risk, cost, and long-term flexibility.

Increasingly, post-M&A consolidations are embracing progressive modernization and a hollowed-out core approach by externalizing functions from the core to third-party providers. This strategy reduces core migration complexity, accelerates modernization, and provides greater flexibility, allowing banks to innovate without fully replacing legacy systems.



Optimizing Multi-Core Banking Environments M&A with Naehas

03

Post-M&A consolidation presents a strategic opportunity for banks to reassess their core systems and adopt a broader modernization approach. This is a practical time to assess a hollowed-out core approach and potential partners to enable it.

The trend of hollowing out the core began with outsourcing payments and card processing but has expanded to include AML, fraud detection, and KYC, allowing banks to strengthen compliance and security without overhauling their core systems. Many banks still handle loan servicing in their core, but origination and underwriting may be externalized to digital lending platforms for speed and automation.

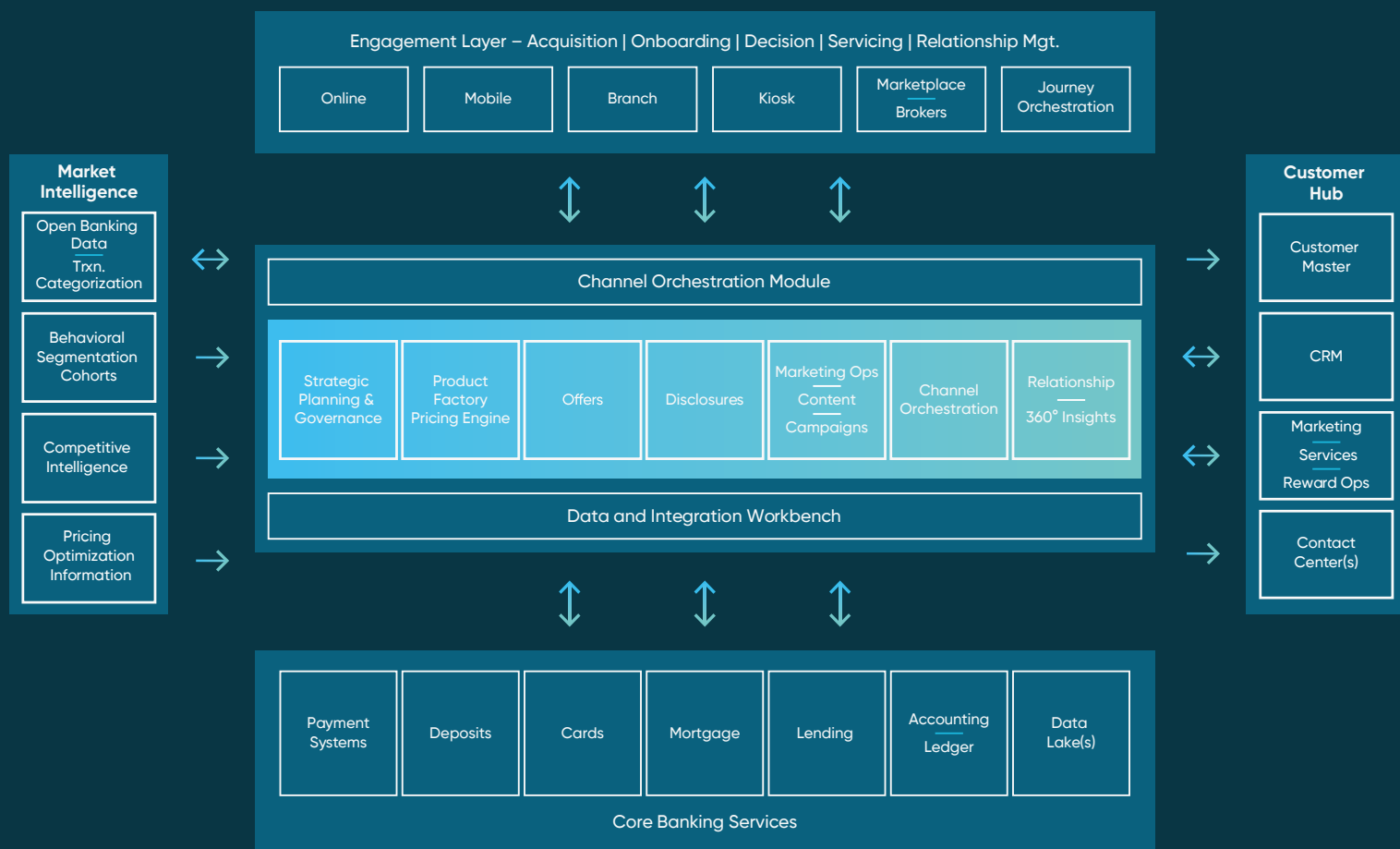
More recently, functions like product management, pricing, and regulatory disclosures have also been externalized, enabling greater agility, faster innovation, and simplifying modernization efforts.



Introducing Naehas

Naehas uncomplicates post-M&A consolidation by hollowing out the core into an agile, cloud-based, low-code/no-code platform. Acting as an intelligent orchestration layer, Naehas' platform spans strategic planning and governance, product management and pricing, offer and disclosure management, as well as marketing operations including content, campaigns, and the customer insights needed to drive them.

Naehas Platform An API-first, BIAN-Compliant Ecosystem





Merging financial institutions often means unifying multiple core banking systems, each with its own data models and infrastructure. Rather than undertaking a costly and risky core replacement, Naehas enables seamless integration by mapping data into a common model, allowing banks to consolidate operations while maintaining existing systems.

Banks inheriting multiple cores post-merger face challenges in harmonizing customer data, products, and transaction processing. Naehas absorbs this complexity by integrating flexibly with any core banking system, including FIS, Fiserv, Jack Henry, Temenos, 10x, and legacy systems, through batch processing, real-time APIs, and event-based messaging. This ensures a smooth transition without disrupting business operations.

Core Rationalization with Naehas

Rather than a high-risk, full-scale core replacement, Naehas enables an iterative strangulation approach of gradually extracting key functionalities from the legacy core for a controlled transition process:

- 01 Externalizing Product, Pricing, and Offers Management:** Product definitions, pricing models, and offer management move to Naehas platform, simplifying the core and enabling faster product launches and revenue growth.
- 02 Decoupling Core Migrations from Product Delivery:** Business logic (pricing, fees, interest rates, eligibility, compliance, and approvals) is separated from the core, accelerating time to market.
- 03 Reducing Migration Complexity:** With business logic managed within the Naehas platform, the core is streamlined to focus on ledger, and product and customer master functions while Naehas handles dynamic product configurations.
- 04 Minimizing Risk and Cost:** A leaner core and modular modernization strategy can cut transformation timelines from up to five years to under two, significantly reducing risk, cost, and operational setbacks.

Naehas delivers a SaaS-based platform, while trusted partners manage implementation. With a single cloud-based codebase, Naehas delivers automatic updates, ensuring banks always have access to the latest features and industry best practices without destabilizing upgrades.



Accelerating Time-to-Value Through Product Innovation & Expertise

With deep domain expertise and a modern platform already trusted by top-tier financial institutions, Naeahas transforms financial product innovation by providing a single source of truth for all product data, enabling hyper-personalization, rewards optimization, and micro-segmentation at scale. While many banks have modernized front-end channels like mobile apps, gaps in data integration often lead to fragmented customer experiences.

By externalizing key business functions from the core, Naeahas empowers business users like marketers, product managers, and bankers to design and launch financial products without IT dependency. This accelerates value creation post-M&A while reducing operational complexity.

Key Capabilities:

- **Product, Pricing, and Offers Lifecycle Management:** Configures complex pricing models (e.g., balance-based rewards, salary-linked benefits) in minutes, overcoming rigid core constraints.
- **End-to-End Product Execution:** Unifies product management, disclosures, and AI-driven marketing content compliance in a single platform.
- **Disclosure Management:** Automates disclosure creation with a rules engine, quality assurance tools, and a compliance time machine for audit tracking.
- **Omnichannel Orchestration:** Deploys new products instantly across mobile apps, e-banking, kiosks, and email campaigns via a unified API.
- **Cross-Product Orchestration:** Connects deposit, credit, mortgage, and loan data to enable relationship-based pricing, such as personalized interest rates across multiple accounts.
- **Hyper-Personalization:** Delivers real-time, granular pricing adjustments at the individual or segment level.

By decoupling these functions from legacy cores, Naeahas helps banks simplify post-M&A integration, reducing costs, minimizing risk, and accelerating modernization without the disruption of a full-scale core migration.



By externalizing key business functions from the core, Naeahas empowers business users.



Approach	Focus	Limitations	How Naehas Differs
Product and pricing platforms	Personalization through product configuration and pricing automation	<ul style="list-style-type: none"> - No comprehensive suite for post-M&A product rationalization and compliance. - Limited support for disclosures. 	<ul style="list-style-type: none"> - Integrates product, pricing, and compliance. - Centralized disclosures and regulatory controls.
Customer engagement platforms	Front-end experience (e.g., marketing, content)	<ul style="list-style-type: none"> - Does not unify product definitions or pricing across merged institutions. - Lacks deep core integration. 	<ul style="list-style-type: none"> - Synchronizes back-end product logic and front-end engagement. - Ensures consistent customer experience.
Legacy middleware / API layers	Point-to-point integration	<ul style="list-style-type: none"> - Masks underlying complexity without fully resolving it. - Risk of "spaghetti" integrations. 	<ul style="list-style-type: none"> - Provides an end-to-end modernization framework. - Rationalizes APIs and externalizes core-dependent functions.

How Naehas Compares

04

Why Naehas? A Comprehensive, Banking-Specific Framework

End-to-End Modernization:

Unlike point solutions that focus on one aspect of integration, Naehas spans product rationalization, pricing, compliance, and omni-channel execution—all under one roof.

Modular Flexibility: Banks can start small, for instance, by externalizing product pricing or disclosure management, and scale up to advanced features like hyper-personalization or integrated marketing orchestration.

Built for Banking: Designed for the specific requirements of the highly regulated banking industry. Naehas helps unify data, eliminate siloed processes, and create personalized customer experiences while maintaining compliance.



A Partnership in Progress: Leading Regional Credit Union's Post-M&A Transformation

Introduction

A growing regional credit union acquired two smaller financial institutions to expand its customer base, branch network, and product offerings. While the acquisitions presented significant growth opportunities, they also introduced operational complexity and technological fragmentation that threatened to delay value realization.

The Challenge

Post-acquisition, the credit union was managing three different core banking systems from separate vendors, along with disparate customer engagement solutions, fragmented APIs, and overlapping product catalogs. Running these systems in parallel increased operational costs, slowed product rollouts, and created regulatory risks.

To improve the customer experience, the credit union initially focused on unifying front-end systems. It consolidated online and mobile banking, branch and kiosk interfaces, broker platforms, and CRM tools. While this created a more consistent user experience, the back-end complexity persisted. Every pricing update, product launch, or customer record change required duplicative work across multiple legacy systems, increasing inefficiencies.

The "Aha" Moment: Rethinking Core Consolidation

Leadership recognized that a traditional rip-and-replace core migration would be time-consuming, costly, and disruptive. Instead, they saw an opportunity to decouple key business functions, such as product pricing, disclosures, and lifecycle management, from the core itself. By externalizing these capabilities, they could accelerate integration without overhauling the entire core infrastructure.



To improve the customer experience, the credit union initially focused on unifying front-end systems.



Solution: A Phased Approach to Modernization

Partnering with Naehas, the credit union adopted a strategic, step-by-step approach to modernization:

01

Hollowing Out The Core

The credit union externalizes Product Pricing Lifecycle Management and Disclosure Management onto the Naehas platform. This move separates key business rules including pricing, fees, regulatory compliance, and product definitions from rigid core systems, reducing complexity and enabling more agile product updates.

02

API Rationalization

Naehas implements BIAN-standard APIs between its platform and the credit union's engagement layer. This streamlines interoperability across disparate systems, allowing seamless integration while laying the foundation for a risk-mitigated core migration.

03

Simplified Core Migration

Once non-essential functions are externalized, the credit union can migrate its remaining core operations, customer master data, general ledger, and transaction processing to a primary core system without major disruptions

04

Full Integration & Data Exchange

The final step is integrating the Naehas platform with the consolidated core banking system using ETL, Kafka, and APIs to ensure smooth data exchange, operational efficiency, and long-term scalability.

The Outcome: Faster Integration, Lower Costs, and Greater Agility

By adopting this phased modernization approach and Naehas' solution, the credit union is accelerating post-M&A consolidation while minimizing risk and disruption. Key benefits included:

- **Faster Time-To-Value:** Seamless product updates and disclosures, reducing delays in rolling out new offerings
- **Reduced Operational Burden:** Eliminated redundant work across multiple cores, lowering costs
- **Regulatory Compliance:** Centralized disclosures and pricing structures, ensuring alignment with evolving regulations
- **Future-Ready Banking Infrastructure:** Naehas' orchestration layer enabled greater agility, positioning the credit union to adapt quickly to new market opportunities



Conclusion

As M&A activity continues to rise, banks must manage the complexities of post-merger consolidation and leverage them as catalysts for strategic growth and digital transformation.

Merging two banks should create a stronger institution, but without a well-structured plan for integrating and modernizing core systems, the intended value of these transactions can be delayed or lost. From fragmented APIs and product proliferation to complex compliance requirements, banks must tackle a range of hidden obstacles to realize the full value-creation potential of M&A.

By prioritizing progressive modernization, such as externalizing key business functions and adopting a hollowed-out core, banks can significantly reduce integration timelines and deliver a better customer experience. As illustrated in the case study, a phased approach to rationalizing products, pricing, and disclosures enables faster time-to-value without the disruption of a full-scale core replacement.

Ready to Accelerate Your Post-M&A Integration?

- **Assess Your Current Landscape:** Identify which core-dependent functions you could externalize for quicker innovation
- **Consider a Phased Modernization Strategy:** Evaluate different consolidation approaches' risk, cost, and time implications
- **Engage Expert Partners:** Leverage specialized platforms and integration expertise to manage complexity and ensure regulatory compliance

Naehas enables banks to turn post-merger chaos into an opportunity for innovation.

[Contact our team or request a demo](#) to explore how Naehas can help you strategize your post-M&A consolidation and unlock long-term value.