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Association  
of Texas**

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January 27, 2026

Chief Counsel's Office  
Attention: Comment Processing  
Office of the Comptroller of the Currency  
400 7th Street SW, Suite 3E-218,  
Washington, DC 20219

Via Federal eRulemaking Portal — <https://Regulations.gov/>

Re: Docket ID OCC-2025-0537

Dear Counselor,

The following comments are submitted on behalf of the Independent Bankers Association of Texas ("IBAT"), the largest state-based community banking trade association representing Texas community banks from approximately \$50 million to \$50 billion in total assets, on the Office of Comptroller of the Currency ("OCC") Request for Information Regarding Community Banks' Engagement With Core Service Providers and Other Essential Third-Party Service Providers.

*SUMMARY: The OCC is issuing a request for information (RFI) on community bank engagement with their core service providers and other essential third-party service providers. The RFI seeks to better understand how challenges community banks face with such service providers affect these banks' abilities to remain competitive in a rapidly evolving marketplace, as well as what actions the OCC can take to address any of these challenges.*

Rather than address the 32 questions individually - because the answers to those questions would likely be specific to a community bank and their engagement with a core - we are going to keep our observations more universal in nature.

*"Three core providers dominate the market for core banking systems for depository institutions (DIs). These providers also have a large presence in vertically related markets, such as card network services; payment processing services for DIs, merchants, or governments; and banking-as-a-service. This market structure may make it difficult for DIs to switch their core providers, affecting their ability to offer new services and stay competitive."*  
- [Market Structure of Core Banking Services Providers](#), Federal Reserve Bank of Kansas City

It comes as no surprise that community banks are not satisfied, in general, with core service providers.

The excerpt below is from the Conference of State Bank Supervisors [Findings from the 2025 CSBS Annual Survey of Community Banks Presented at the 13th Annual Community Banking Research Conference](#).

*“Meanwhile, community bankers expressed the lowest level of satisfaction in technologies related to core service provider services and workflow processing. These were the only two services with less than 60% of banks expressing they were at least “somewhat satisfied.”*

Below are our observations.

- The number one challenge for community banks in the technology sector is the consolidation of core service providers over the last two decades. That has resulted in a highly concentrated market of providers that leverage competitive limitations that have resulted in the term of core service contracts growing from, for example, three years a decade or so ago to now a ten-year term not being unusual. Shorter terms are available, but at a significantly higher cost.
- Core service providers have used competitive limits in the marketplace not only to extend contract terms, but to increase costs while at the same time obfuscating pricing during negotiations and a subsequent billing process that is inconsistent with the contract.
- Core service providers use exorbitant deconversion costs to effectively lock a community bank into a long-term contract and use that same competitive advantage to restrict data interoperability and or access to the bank’s own data even if the bank is willing to pay unreasonable deconversion costs.
- The cores have used their economic power to ‘silo’ services like Internet Banking, online account opening and ACH processing to limit services offered by companies that are not owned by or controlled by the bank’s current core. This particular trait limits a community bank’s ability to adopt new technology and integrate third parties that may have products or service better aligned with the bank and are simply superior to the offerings of the core provider.
- The core providers’ ability to limit access to data and transactional history means that in some cases a community bank is unable to have real-time access to data making API-based integration severely limited by contractual prohibitions or exorbitant pricing.
- Texas community banks have complained about the lack of transparency in billing. That results in the inability to carefully audit bills that are dozens if not hundreds of pages long.

*“Most community banks remain tethered to decades-old core systems that have hampered innovation. This technology gap represents more than operational challenges. It undermines community banks’ ability to innovate, launch new products and meet evolving customer expectations in ways that threaten their future.*

*The reality facing community bank leadership today is stark: Legacy core providers have become innovation inhibitors rather than business enablers. In fact, we’re hearing from banks that when they approach many*

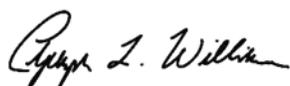
*legacy cores with new product ideas or requests for enhanced capabilities, they're routinely dismissed. Part of the challenge for large core processing companies is that they support multiple core products, which effectively dilutes any innovation or research and development investment from them. The losers end up being the banks that are held stagnant by their current core providers."* – [Community Banks Can't Delay Core Modernization](#), Bank Director magazine.

What we would encourage the agency to do:

- Provide guidance and supervisory tools that support transparency, comparability and competition in the core service market.
- Explore 'Truth in Pricing' expectations that are clear and consistent for all core service providers.
- Require disclosures that outline service capabilities and performance expectations.
- Explore contractual constraints that hamper innovation and put smaller community banks at a competitive disadvantage. That includes data portability and the fact that community banks 'own' their data.
- Require clarity in billing.

On behalf of community banks in Texas, we appreciate the Comptroller taking the time to address the serious concerns our member banks have regarding core service providers. We would certainly be open to a more comprehensive discussion in the future about how banks, cores, and the agencies can better support the banks that support our communities.

Very truly yours,



Christopher L. Williston IV  
President & CEO  
Independent Bankers Association of Texas