

CORNERSTONE BANK

Taking an Enterprisewide Approach to Risk Management



Like many financial institutions, Cornerstone Bank in West Union, West Virginia, was using a risk management program built on spreadsheets and managing risk by individual categories. But the bank, after experiencing significant growth in rapidly changing banking and regulatory environments, realized the need to shift its risk perspective.

“Cornerstone engages in a wide range of activities, all of which give rise to some level of risk,” says Lorraine Brisell, president and CEO. “The constantly changing banking, economic and cultural landscapes in which we operate resulted in the need for us to adopt a comprehensive risk management program. If we are going to attain our strategic initiatives—which require us to respond proactively to changing conditions—then we need to manage risks on an enterprisewide level.”

Cornerstone Bank set out to find a better approach to risk management, and the bank found its answer in CSI’s SmartRisk IQ solution, an automated enterprise risk management (ERM) platform.

CHALLENGE

Cornerstone Bank was utilizing an outmoded “spreadsheet” approach to risk management that was hindering the bank from attaining its strategic objectives.

SOLUTION

The bank discovered CSI’s SmartRisk IQ, an automated RM solution, that supports a comprehensive risk management program tailored to the bank’s risk levels and growth targets.

RESULT

Cornerstone now uses a proactive, enterprisewide perspective to manage its risk, relying on the tools within SmartRisk IQ; the platform’s intelligent content saves bank executives weeks, if not months, of time on research.

FINDING AN ALTERNATIVE APPROACH ... AND LIKE-MINDED PROFESSIONALS

After realizing the need to change its approach to risk management, Cornerstone established an ERM team and began its search for an ERM solution. And when Brisell listened to a member of CSI’s compliance team present at a conference, she had her “ah-ha” moment.

“When I heard him speak, the light bulb went off,” Brisell says. “It was evident that he had experience with the same challenges with which bank management contends. And that is the big differentiator for CSI—the support expertise that’s included in SmartRisk IQ. We get to work with former bankers who have been where we’ve been.”

Beyond SmartRisk IQ's expert guidance, Cornerstone also gains access to automated tools that simplify the risk management process, including risk scoring and intelligent content.

TYING IT ALL TOGETHER

As Cornerstone discovered, developing an ERM framework requires a shift in both thinking and program application. So, the fact that SmartRisk IQ offers intelligent content, which includes hyperlinks to additional information and directs institutions through their program's development, helped tremendously. The solution also allows team members to upload attachments that can be stored for review by other team members and regulators during exams.

"In launching the program, the intelligent content embedded in the software saved me weeks, if not months, of research time," Brisell says. "And the ability to upload attachments further describing the rationale behind certain management responses allows us to be highly responsive to inquiries during examinations, making the exam process more efficient and effective."

Through the tools in SmartRisk IQ, Brisell notes that the platform essentially "ties it all together" for both the bank and its examiners, providing a complete risk picture.

MAKING RISK PART OF THE BANK'S CULTURE

Now that Cornerstone has launched an ERM program, the bank is seeing a change in its culture. The eight-person ERM team represents employees from across the bank, in various positions, and each has ownership in Cornerstone's risk posture.

"As we're considering new products or services, team members are thinking 'What are the risks?' 'How do we mitigate those risks?' and 'Is it consistent with our strategic vision?'" Brisell says.

While employees' engagement in the ERM process is critical, Cornerstone's board of directors, like any board, is ultimately responsible for risk management. SmartRisk IQ, Brisell adds, generates reports that provide a concise snapshot of the bank's risk assessment process, keeping the board informed of the process not only by specific risk area, but also in the aggregate.

According to Brisell, SmartRisk IQ is benefitting individual employees, the bank and the board of directors.

ABOUT CSI REGULATORY COMPLIANCE

CSI takes risk management and regulatory compliance seriously; we know you do, too. Since regulations constantly change, we've developed comprehensive solutions that address today's requirements and adjust to meet tomorrow's demands. Our industry-leading solutions include consulting, social media compliance, testing and watch list screening. Financial institutions and businesses alike trust CSI's expertise to enhance their compliance programs and reduce operational costs.

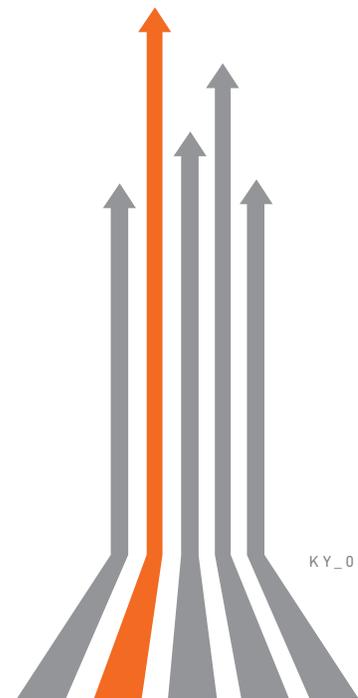
www.csiweb.com



Who: Cornerstone Bank
Lorraine Brisell
President and CEO

Assets: \$174M

Customer since 1998



KY_042114_701_V4