

A Payment is a Payment is a Payment

Orlando Vanin, VP Sales, Fundtech Corporation
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What is a Payment?

- ▶ The transfer of wealth from one party to another.
 - ▶ The partial or complete discharge of an obligation by its settlement in the form of the transfer of funds, assets, or services equal to the monetary value of part or all of the debtor's obligation
 - Services
 - Cash
 - Checks
 - Wire Transfers
 - ACH Transactions
 - Card Transactions
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The Business and Operational Challenges

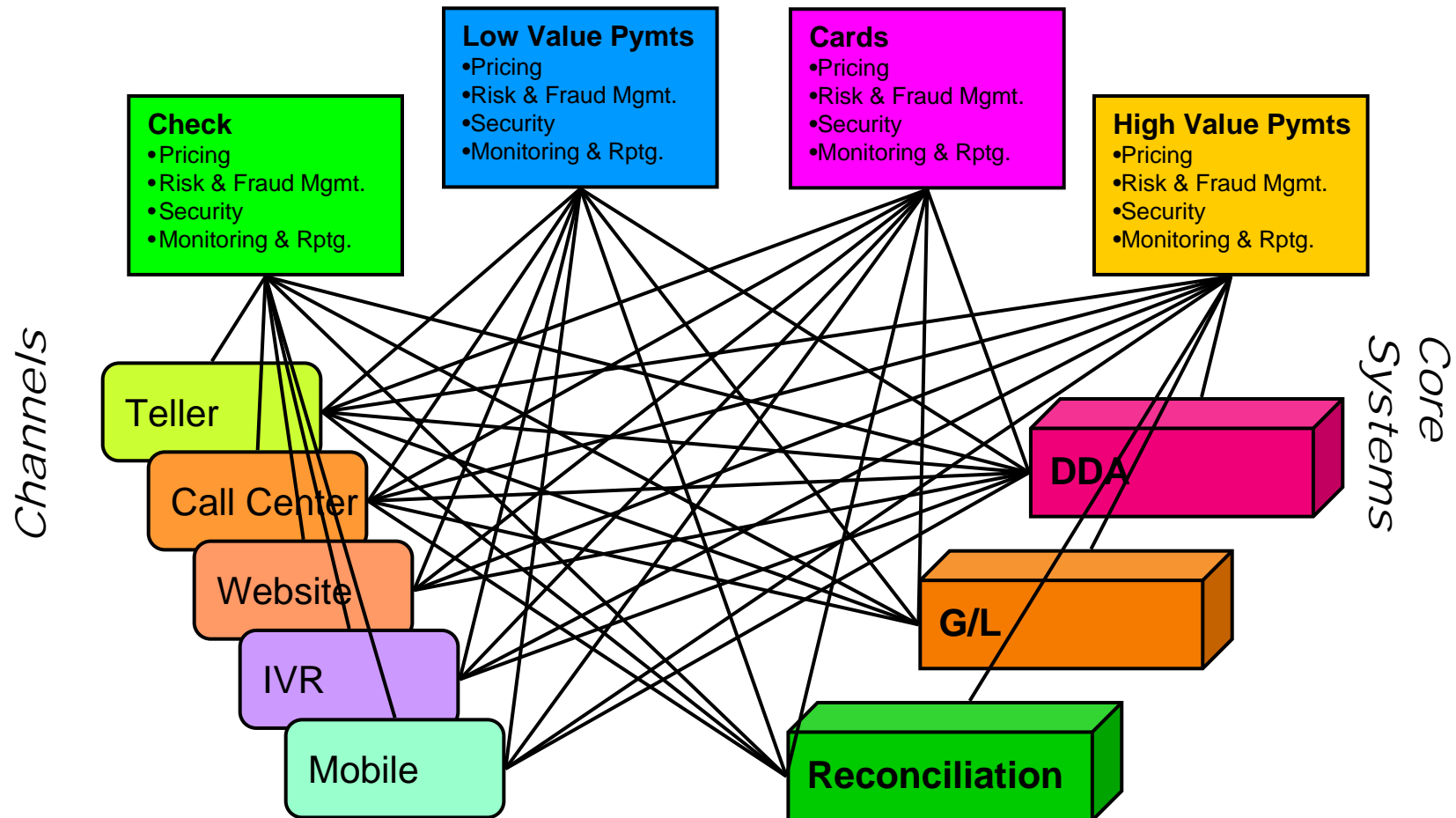


Challenges

- ▶ Regulations
 - ▶ Risk Monitoring
 - ▶ Payment Formats
 - ▶ Systems
 - ▶ Channels
-

Challenge – A Visual Representation

Payment & Treasury Systems



The Case for a HUB Enterprise

- ▶ Payments are a commodity business
 - Revenues are shrinking
 - There is a shift from high-cost payments like check and credit cards to low-cost channels like ACH and other electronic mechanisms.
 - ▶ New channels
 - Telephone
 - Mobile
 - Web
 - ▶ Cost Management
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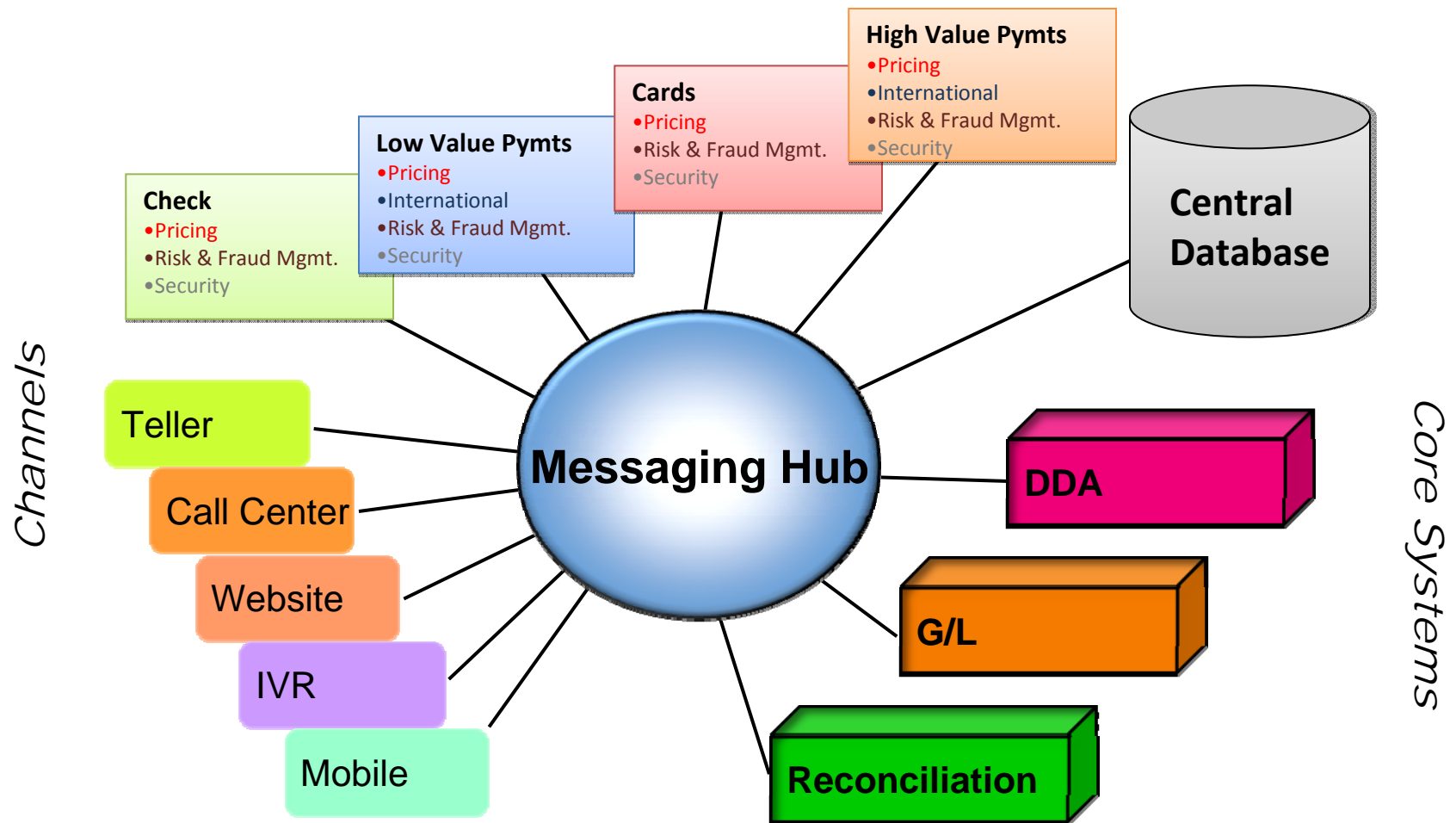
The Solution: One Payment

- ▶ Introduction of an Enterprise HUB Strategy
 - Faster Growth
 - Economies of Scale
 - Quicker time to react
 - Less Cost to Clients
 - Introduction of new products
 - ▶ Integrates/Consolidates Payables
- ▶ Cost cutting
 - Retire Legacy Systems
 - Leverage Technology

Enterprise Payment Strategy and Payment Restructure

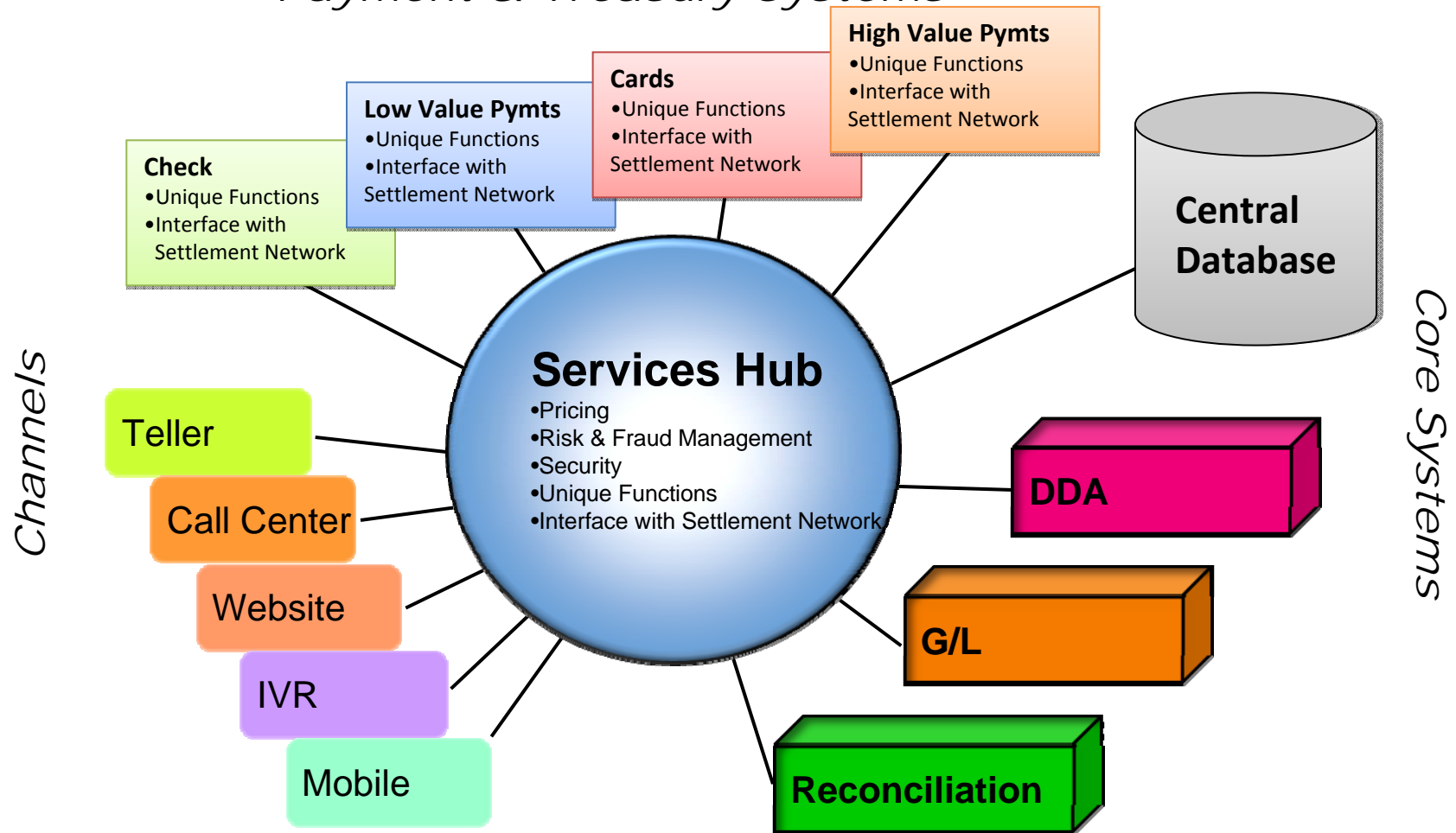
Messaging Hub

Payment & Treasury Systems



The Services Hub

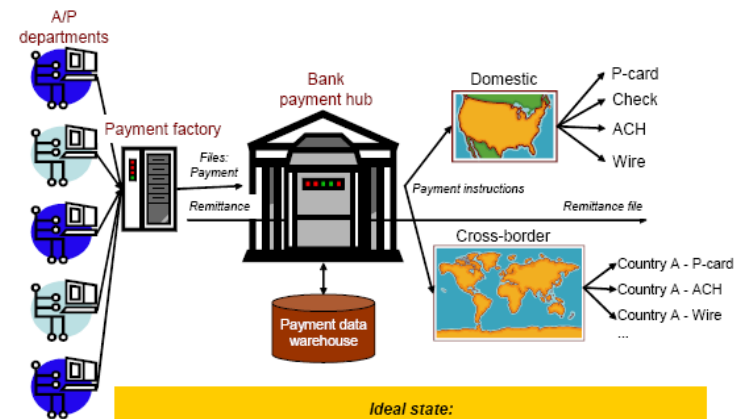
Payment & Treasury Systems



Payment Hubs ...

- ▶ Is a Central Engine that...
 - ❖ Enforces Capture and Mapping of Payment Information
 - ❖ Enables Workflow, Business, and Regulatory Rules
 - ❖ Provides Risk Mitigation Procedures
 - ❖ Provides Clearing and Settlement Routing Optimization
- ▶ Invokes Services
- ▶ Reacts to Events
- ▶ Orchestrates Payment Services
- ▶ Orchestrates Other Banking Systems

Figure 5: Integrated Payment Gateway



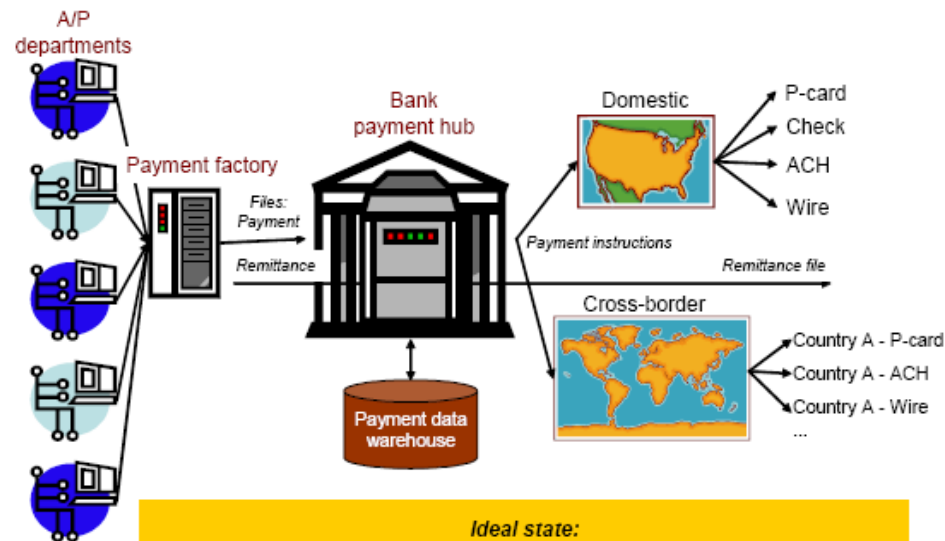
- Ideal state:**
- Payment initiation is generated from the electronic invoice or a purchase order flipped
 - Rich remittance file can be associated with payment via a cross-reference number
 - Rules-based engine determines most efficient payment routing
 - Payment data is warehoused and mined for efficiency opportunities
 - Payment "silos" are invisible to commercial customer

Source: Celent

Payment Hubs Are NOT ...

- ▶ Just a Messaging Component
- ▶ Just a Simple Payment Router
- ▶ A Discrete Technology

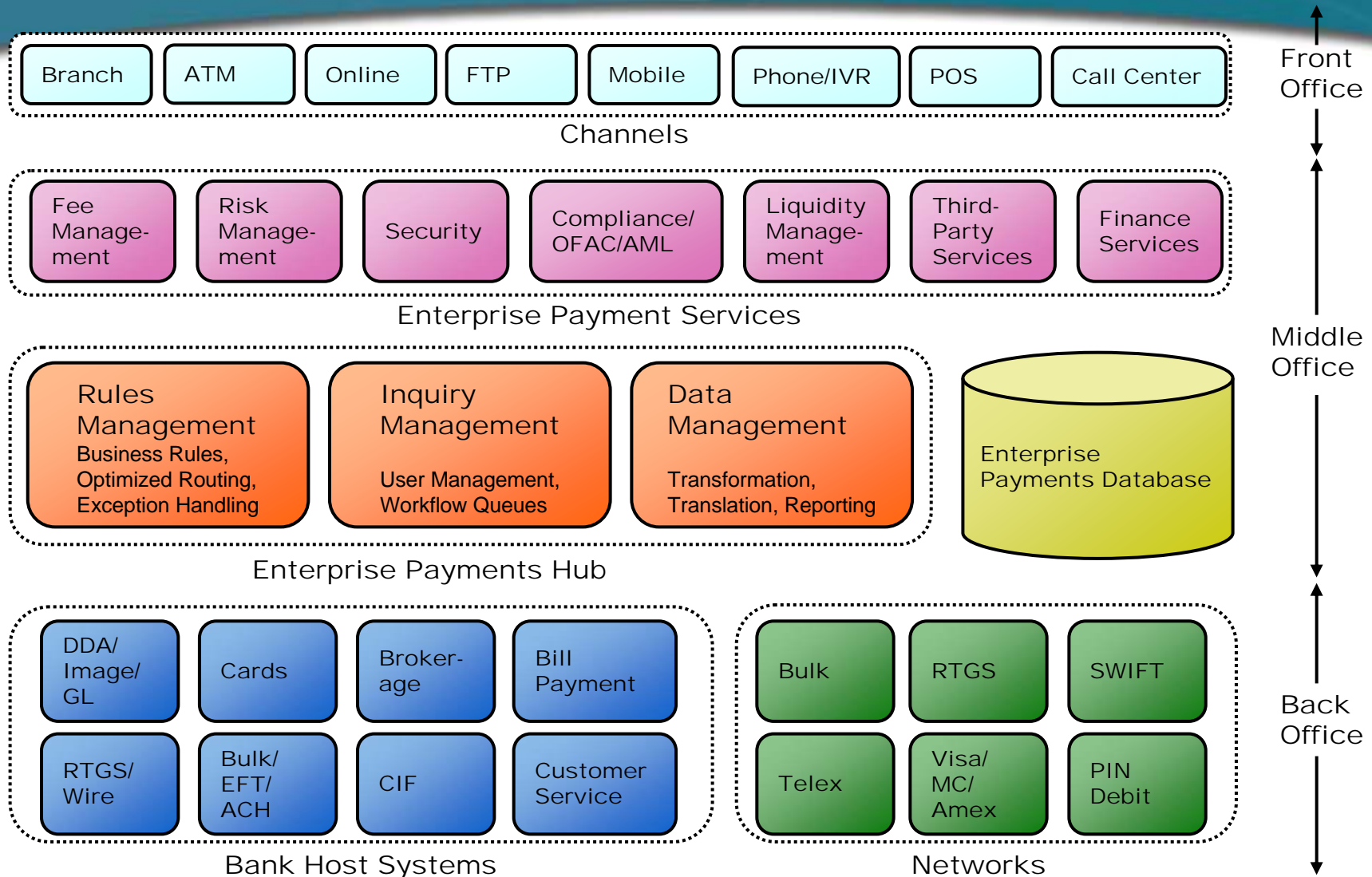
Figure 5: Integrated Payment Gateway



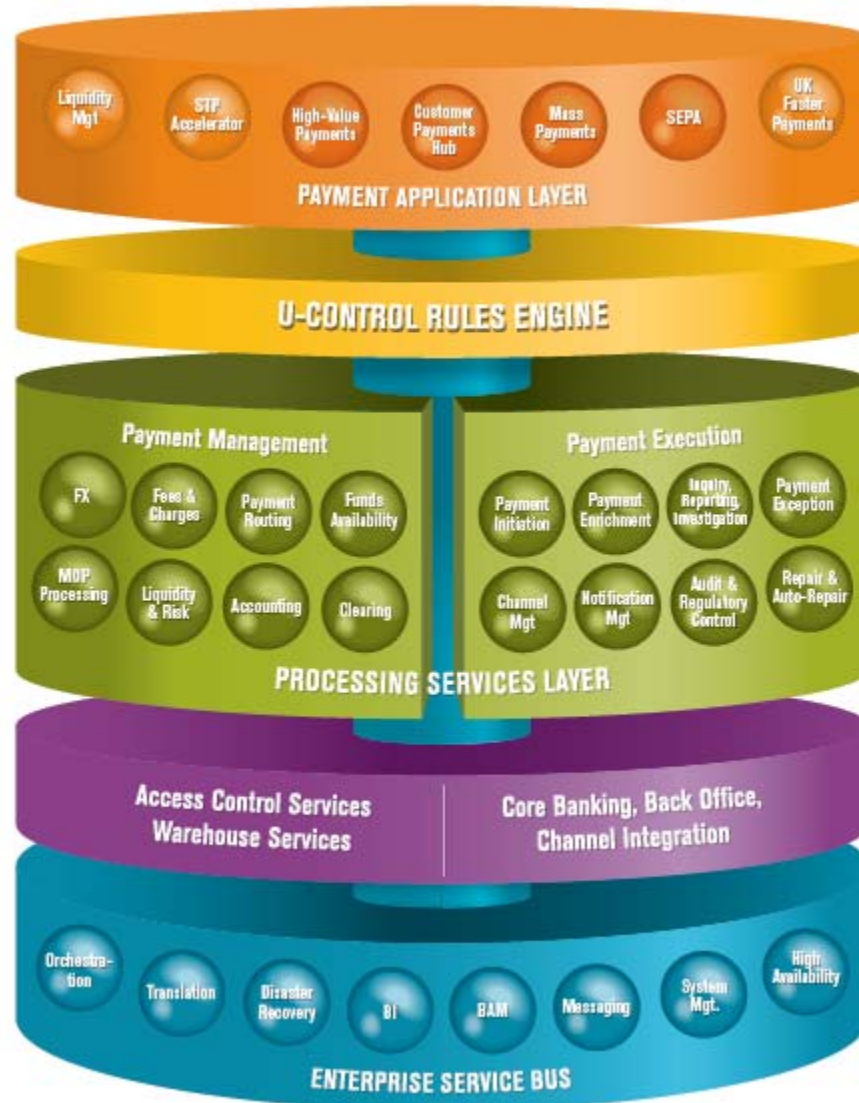
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Enterprise Payments Component Diagram



Enterprise Payments Component Diagram



Payments Hubs Should...

- ▶ Edit and Validate Payment Data Delivered
 - SWIFT
 - Mobile
 - ATM
 - ERP
 - ACH
 - Branch
 - Paper
 - Etc.

Payments Hubs Should...

- ▶ Repair Payment Data
 - Auto-repair
 - Self-learning
 - ▶ Allow Bulking and De-Bulking of Payments
 - ▶ Track Payment Status In Real-Time
 - Real-Time Alerts
 - Look-up Services
 - ▶ Interface to AML
 - ▶ Interface to Fraud Management
 - ▶ Interface to Inquiry and Investigation Services
-

Payments Hubs Should...

- ▶ Integrate with Security and Entitlement Infrastructure
- ▶ Integrate to
 - Core Banking
 - Accounting
 - Cash Management
 - FX Systems
 - Bank Corporate Portal
 - Mobile
 - ATM
 - Etc.

Payments Hubs Should...

- ▶ Interface to SWIFT and National Clearing Systems
 - ▶ Map Payment Data to/from Different Message Formats
 - ▶ Convert Payment Data between Message Formats
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Thank You