

P E R S P E C T I V E

Principles of Enterprise Payments



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The worldwide payments landscape experienced huge swings in fortunes in the years before and during the recession. Analysts, bankers and technology vendors have proposed different strategies to enable the banking community progress in a world of rapid change, instant connections and growing customer expectations. One of the strongest suggestions aimed at growing the payments business and improving related services, is the adoption of Enterprise Payments.

Not that this is a new concept. Enterprise payments has been advocated for several years now as the antidote to opaque and fragmented payment processing systems, which can pave the way for banks to meet the expectations of a dynamic market, fulfill customer demand for consolidated, real time views and information, adapt to stringent regulatory changes and monitor enterprise-wide payment activity.

Although different groups have proposed different approaches to enterprise payments, most agree that it offers banks a way to process, access, view, manage and report all their payments related transactions/data on a single platform, irrespective of the nature of payment settlement. It provides payment services that are faster, more accurate and economical, by streamlining and consolidating various aspects of payment processing.

3Cs of an Enterprise Payments System:

Consistency – In today's environment, every customer expects the same level of service across the payment rails (clearing and settlement method). A consistent experience while originating a payment as well as tracking and reporting it, goes a long way in establishing a good customer relationship. An enterprise payments system needs to provide that along with operational consistency to streamline and reduce complexity in a bank's environment. Common processes occurring within front and back office origination, authorization, Blacklist scan, repair, limit and risk approval, etc., should be reused across different payment rails, there by enabling the bank to consolidate and effectively use its resources.

Convergence – With the advent of SEPA and SWIFT's MX, the need and use of international standards in payment processing has increased manifold. The ISO20022 standards provide a detailed payment information delivery mechanism for such a purpose. For an enterprise payments system to provide a common interface and experience, it needs a common language between different rails, which can reduce data translation and inherent errors at all points. It should enable different rails to converge on to a common standard like ISO20022, so that all of them can provide seamless consistent experience and information views. A common data model and uniform standards for all types of payments will allow the bank to leverage common infrastructure for various services and products, and make it more agile so that it is able to take products and services to market much faster.

Consolidation – Using convergence, the bank should be able to leverage a common data model to easily bring together information from various payment rails. Consolidation of all payment data irrespective of the settlement mechanism can provide unprecedented insights into the bank's payments business. This can enable the bank to not only spot trends but also extrapolate them to predict future events; it can help the bank identify cross-sell opportunities, and improve efficiency and productivity through resource consolidation; and it also provides data for deeper analysis and reporting.

An enterprise payments platform based on the above principles has the capacity to transform the payments business and the banking industry itself. It is a development that is anticipated equally eagerly by banks, technology vendors and analysts. The power of enterprise payments is only limited by the extent of its usage. It opens the door to uncharted waters that are asking to be explored.

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