

Transform payments with a unified banking platform

Unify your systems. You have nothing to lose but your silos.



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As financial institutions grow, silos inevitably arise within banks' IT infrastructure. Silos arise owing to organic growth or acquisitions, between business lines and within business lines. Yet silo-based environments suffer from redundancy in data and business processes, incur a high cost of application maintenance and cause persistent service shortfalls. Even if each individual application is "best of breed," incompatible solutions and platforms end up trapping data, making the total system less than the sum of its component parts.

Data trapped in silos prevents banks from providing the customer-centric services necessary to succeed in the emerging financial services market. Indeed, integrated systems have become a competitive necessity in a transformed business environment characterized by increased market pressures and major regulatory initiatives such as PSD and SEPA.

Unified banking platforms replace silos with integrated components that provide benefits to customers and throughout the institution. The back-office staff benefits from lower operational and maintenance costs. Marketers can reduce the time-to-market for new products, and increase cross-sell opportunities. Importantly, customers benefit from better service, with faster on-boarding, response time and deeper fulfilment.

Implementing a unified banking platform deserves and demands to be planned and executed as a business transformation program. While there are lower-risk alternatives to business transformation – such as business process reengineering or the introduction of a middleware layer – these options lack the fundamental ability to expand business or to meet new market challenges compared with the deployment of a unified banking platform.

The advantages of a Payments Hub
Establishing a Payments Hub is a step

towards achieving a fully unified banking platform. Historically, the payments business of a bank has been divided based on product, customer type or geography. While these businesses share common definitions of various payments elements, the introduction of value-added services leads to a wide divergence between the processes employed across a bank. These divisions have typically operated independently, with responsibility for their own cost and revenue budgets, thus leading to a proliferation of separate and incompatible systems.

While this situation allows for a certain degree of customization, the result has been an inefficient back-office from a cost perspective. A Payments Hub enables a bank in consolidating and improving operations, increasing STP rates and thus achieving cost effectiveness. By reducing back-office costs, bank can prepare themselves for shrinking margins as the industry moves towards more commoditized services.

As institutions look beyond their geographical boundaries for growth and scale, post acquisition integration is smoother for banks having a Payments Hub. Banks can realize their business goals from a multicurrency, multi-entity, multilingual solution that includes support for retail and corporate customers, RTGS and ACH payments, and domestic and international transfers.

In addition, a Payments Hub makes it easier for an institution to manage risk and adhere to compliance requirements compared to region-by-region solutions, with the ability to centralize and manage limits, monitor operational and compliance processes, and implement other risk procedures at a higher efficiency level.

As growth opportunities decline in most developed markets, the focus shifts to capturing market share, wallet share and strong customer relationships. Herein lies the biggest advantage to be gained from a Payments Hub - the

improved customer experience. The improved customer experience emerges in several aspects. It's easier and less expensive to provide and maintain multiple delivery channels with a Payments Hub as the backbone. Banks can ensure consistent customer experience across branches, web, contact centre and other channels. Customers can receive a single view of all transactions across channels, helping them manage their liquidity better. Customers can be empowered with rich self-service capabilities for initiating transactions, evaluating clearing paths and managing exceptions. Furthermore, with a Payments Hub, reports and alerts capabilities can be provided faster and with more comprehensive content.

Overcoming organizational challenges

The cornerstone to a successful deployment of a Payments Hub, and a critical challenge that needs to be overcome very early, is a true and precise definition of what it actually is. Key stakeholders from all departments related to payment services must provide inputs on critical takeaways and "wish list" items, and these should then be reflected in the definition specific to a firm. Failure to collect this definition may result in lack of interest from stakeholders and "red flags" being raised from different quarters.

Other key challenges include the size and complexity of the program, risks involved in vendor management during a long roll-out schedule, and intricacies in managing the changes in the regulatory domain. In some cases, the firm's business strategy itself becomes a moving target as management decides to expand the coverage under the Payments Hub – even before it's ready for launch.

It is of paramount importance to approach a program of such scale in a phased manner rather than taking a

"big bang" approach. A key factor in ensuring buy-in and progress would be to ensure periodic wins, whether in monetary or non-monetary terms. From a technical standpoint, SOA-based solutions best support phased deployment, and should be considered as a requirement.

In addition, when working on projects of this scope and ambition, it is critical in such engagements to do away with the usual customer-vendor relationship and instead work in a true partnership mode offering clear gains for both. Furthermore, owing to continuous changes in regulations and market requirements, strong and constant management of change and scope is essential.

The TCS B&NCS Advantage

At TCS Financial Solutions, we have taken an end-to-end approach towards integrated banking platforms. Our product portfolio includes products which are focused on automation through integrated transaction processing. TCS Financial Solutions offers integrated solutions covering areas of Core Banking, Payments, AML, Channels and Service Integration.

With our "Experience Certainty" theme, TCS Financial Solutions strives to help banks respond to business challenges in the face of many unknowns. Our product engineering approach and methodology is standards-based, highly STP-oriented and focused on solutions capable of real-time transactions and information.

We believe that banks can no longer afford to do otherwise than to take an end-to-end view of their payment processing value chain. In the SEPA-driven world, Payments Hub will be key to unlocking the value inside back office data and knowledge repositories, and in delivering that value to the customer's doorstep.

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