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Remittance Payments Processing Best Practices

INTEGRATED RECEIVABLES:
5 CRITICAL FACTORS FOR ADOPTION

What You Need to Know
5 Things to Consider About Integrated Receivables

1. Identify the business need
2. Build it or buy it?
3. Define functional requirements
4. Identify your AR pain points
5. What to look for in a provider

#1. Identify the business need
Top 6 challenges CTOs and AR professionals face:

1. Consolidating legacy systems
2. Non-intuitive payments programs
3. Lack of compatibility between existing and new systems
4. Lack of visibility into payment trends, reporting & cash position
5. More exceptions, returns
6. High overhead costs due to redundant or legacy systems

Once you define the business need, here are benefits of IR:

- Accelerated cash due to improved STP rates – across payment types
- Less manual intervention reduces operating costs
- Real-time financial data of cash and credit positions
- Improved GL acctg. – automated posting, exceptions mgmt. & invoice matching
- Flexibility – add payment methods as you go
- Consolidated reporting
- Trend analysis across payment types

#2. Build or buy it?
What's the best approach to IR for you?

Market penetration of IR deployments is fragmented.

Accenture reports:

"More than 60 percent of banks use external packages for their payments systems, and only about 20 percent use the same package for more than one payment type. So, while a 'payments hub' remains a goal for many banks, few - if any - have yet achieved it. Our research also finds that about 18 percent of banks use only legacy or custom systems for their core payments system needs, and that 50 percent use a mix of legacy and package solutions."

3 Simple Ways to Approach

1. Re-platforming
- Use packaged software upgrades for core payments systems
- Make incremental improvements to AR function over longer timeframe
- Quickly standardize processes and connectivity to show fast progress.

2. Building the solution step-by-step
- Enable core components of the payments service hub (PSH)
- Enable modular functionality for adding each payment method
- See cost reductions early
- Keep planning future capabilities

3. Outsource
- Evaluate third party vendors for the deployment
- Leverages economies of scale
- Reduces compliance risk
- Eliminates up-front capex, ongoing IT cost
- Keep focus on core business competencies

#3. Define functional requirements

Process steps and goals:

- Comprehensive business requirement/needs analysis
- Business analyst documents project requirements
- Generate, if needed, a RFP to start vendor selection process
- Draft an initial roadmap for the deployment
- Write Use Cases to demonstrate how functionality actually works

Some questions to ask:

- Is the solution easy to use or does it require extensive training?
- How secure is the solution?
- Can it be integrated into disaster recovery?
- Is the deployment completely onsite or is remote access required or is it a hybrid solution?
- Is the solution scalable to future business requirements?
- How customizable is the solution including sub-components?
- Is there a module that allows for collaboration with customers, partners, and employees?

#4. Identify pain points in your receivables process

Consider the risk of not adopting a payments management solution…

- Higher costs due to processing inefficiencies
- Increased exceptions handling
- Delays in posting cash
- Collection delays (high DSO rates)
- Poor visibility into AR and cash positions.

#5. What to look for in a solution provider

Supplier selection criteria:

- Previous experience and past performance with an IR solution
- Meeting any regulatory requirements for quality and security
- Ability to benchmark straight-through processing rates
- Technical support availability
- Ability to provide long-term strategies for building out the solution
- Financial stability
- Ability to provide total costs, fee structures
- Provide detailed Service Level Agreements (SLAs) – benchmarking the contractual arrangement.

Summary

Receivables processing may remain a complex process. Adopting a complete IR solution adds value to companies by:

◉ Aggregating payments from multiple payment sources

◉ Providing consolidated reporting and AR feeds

◉ Automating the consolidation of internal and external data sources to resolve exceptions

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Learn more about how to adopt an integrated receivables solution.

Download white paper here:

5 Factors for Adopting Integrated Receivables

3 Point Alliance is a pioneer in the development and deployment of vertically integrated remittance processing software and hardware, business continuity services and financing for in-sourced and out-sourced payment applications. Our four companies -- 3 Point Payment Processing, Qwinstar Corporation, Equipment Leasing Organization and Business Continuity Services -- create innovative, efficient and cost-effective accounts receivable solutions for our customers. Our wholesale and retail remittance service centers provide flexible, scalable solutions across many business categories including finance, utilities and cable companies. 3 Point Alliance is based in Clifton, NJ and has facilities in Philadelphia, PA, Seattle, WA, Saint Paul, MN, and Chicago, IL. To learn more, visit: http://www.3ptalliance.com.

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