SMARTSTREAM

TLM® Aurora
Advanced Payment Control

SUPPORTS ALL PAYMENTS TRANSACTIONS

ELIMINATING RISK AND ERROR

EXCEPTIONS AND INVESTIGATIONS

REGULATORY ALIGNMENT

Delivering automation of payment investigations for SWIFT and RTGS

Executive summary

TLM Aurora Advanced Payment Control provides financial institutions with a single, integrated solution to track, monitor and investigate all their payments. Highly sophisticated, it enables firms to streamline and optimise investigations, irrespective of the payment system used.

Advanced Payment Control offers a standardised way of working; its pre-configured workflows allow the automation of large parts of the exception handling process, guiding users through the exception lifecycle, and virtually eliminating the risk of errors occurring. These tailored workflows not only reduce the potential for error but it improves resolution times – leading to increased efficiency and reduced costs.

Sophisticated analytics provide valuable insights into the root causes of failed or investigated payments, empowering financial institutions to tackle problems at source, as well as to better understand the level of effort actually required to deal with different exception types, payment systems or correspondent banks.

Business challenge

Failed payments represent an expensive and troublesome issue for the european financial industry, costing banks some 21 billion euros per year. The industry estimates that two to five percent of international payment messages generate exceptions, equating to roughly two million transactions per day. Given the large volume of exceptions, plus the high cost of repair – some 40 euros per transaction, or 50 times the cost of the individual transaction itself – pressure is mounting on the sector to find ways of tackling this problem.

Preventing many banks from achieving greater efficiency in this area is their tendency to investigate inbound and outbound payments manually or using low levels of automation. Banks' ability to carry out investigations efficiently is further hampered by the use of different payments systems, per market or infrastructure – causing fragmentation and blocking the adoption of best practice.

Managing payments against this background of fragmentation creates extra cost and risk, requires dedicated teams of people, and frequently leads to inadequate customer service. Consumers, corporates and SMEs are all looking to their banks to cut down the turnaround time of payment inquiries, in order to reduce their own risk. Where delays occur in investigating payment exceptions it has a direct impact on client satisfaction, as well as on a bank's bottom line.

Banks need to maintain connections to multiple payments systems and support the various message formats required, creating another challenge. Furthermore, each payment system comes with its own rulebook: banks' technical infrastructure is often not adapted to cope with such subtleties, leading to failed investigations and inefficiencies.

The payments market is inexorably pushing towards accelerated and instant payments, e.g. SWIFT gpi, Target Instant Payment Settlement (TIPS), SEPA Instant Credit Transfers. The need to adhere to the regulations and timings defined in the rulebooks of the various infrastructures will place added pressure on banks to speed up the processing of payment inquiries.

Solution overview

TLM Aurora Advanced Payment Control provides banks with a single, integrated solution to track, monitor and investigate all payments. It enables banks to automate their exception handling processes, providing a formalised business and communication protocol, delivered through FIN, local FTS, ISO 20022 xml-based messages, and the SWIFT gpi tracker API. This ensures a clear definition of the actors, their roles, the communication flows and messages exchanged, and the escalation paths. It guarantees higher straight-through-processing rates, while the TLM Aurora Advanced Payment Control rulebook captures industry usage and marks out best practice.

The deployment of Advanced Payment Control allows exceptions to be dealt with in a proactive way, as soon as they occur. As a result, financial institutions can resolve exceptions on a pre-settlement rather than a post-settlement basis.

By using Advanced Payment Control, financial institutions gain an accurate view of positions, enabling them to make better informed funding decisions and to manage risk more proactively, helping reduce their exposure to risk. In addition, the solution's integrated reconciliation, alerting and investigation tools are designed to support firms so that they can manage higher transaction volumes more effectively.

The solution delivers comprehensive and pre-configured functionality. Pre-installed default workflows and templates mean installation and customisation time is kept to a minimum, allowing firms to be up and running with the solution promptly, thereby enabling them to benefit more rapidly from the advantages it offers.

Advanced Payment Control provides banks and corporations with the capabilities they need to drive down the cost of payments processing. These include fully SWIFT and RTGS-compliant inquiry and investigations workflows, customised to the individual firm's business processes, coupled with advanced message generation, and delivered either as an integrated module – for clients who already use TLM Aurora as an operational control center – or available as a stand-alone solution.

The solution is straightforward to learn and easy to operate. Its innovative, task-driven user interface draws users' attention towards items, prioritising them in order of importance, and guiding users through to resolution – virtually eliminating the need for extensive training.

TLM Aurora Advanced Payment Control offers a variety of sophisticated features including:

- **A single, integrated solution to track, monitor and investigate all payments**

- **A standardised way of working with exceptions across all payment systems. The solution also ensures strict compliance with payments systems' rulebooks**

- **Machine learning which reduces resolution times by assisting users with the processing of unstructured information**

- **Pre-configured exception workflows which automate large parts of the exceptions process. Tailored workflows reduce human error and improve resolution times, resulting in increased efficiency and reduced costs**

- **Full integration with TLM's existing reconciliation functionality, delivering a single solution for payments reconciliation, exception management and investigations**

- **Virtual elimination of end-user training, thanks to an innovative task-driven user interface which guides users through work, prioritising tasks in order of importance, and also offering unparalleled ease of use**

- **End-to-end monitoring for all payments (where status confirmations are exchanged)**

- **An archive solution that provides secure, flexible and efficient long-term storage for transactions once the business lifecycle is completed**

Automating Payment Investigations

SWIFT – International Payments

TLM Aurora Advanced Payment Control gives banks and corporates the tools to fully realise the promise of SWIFT's payment initiatives. It complies with all aspects of exceptions and investigations standards. In addition, it covers the four workflows SWIFT has identified as producing the greatest efficiency gains for participants: Unable to Apply, Request for Cancellation, Request for Modification and Beneficiary Claims Non-Receipt. SWIFT workflows can be integrated with Advanced Payment Control for maximum benefit.

SWIFT gpi

Advanced Payment Control provides full transparency into cross-border payments processed via SWIFT gpi (customer credit transfers and cover payments). It offers insights into the payment trail, status information, evidence as to where a payment has stayed at any point in time, and notice about final credit to a beneficiary's account. It also gives a detailed view of the fees charged by any correspondent banks involved.

100% compliant with rulebooks of SWIFT, gpi, SEPA CT, SEPA INST CT, etc.
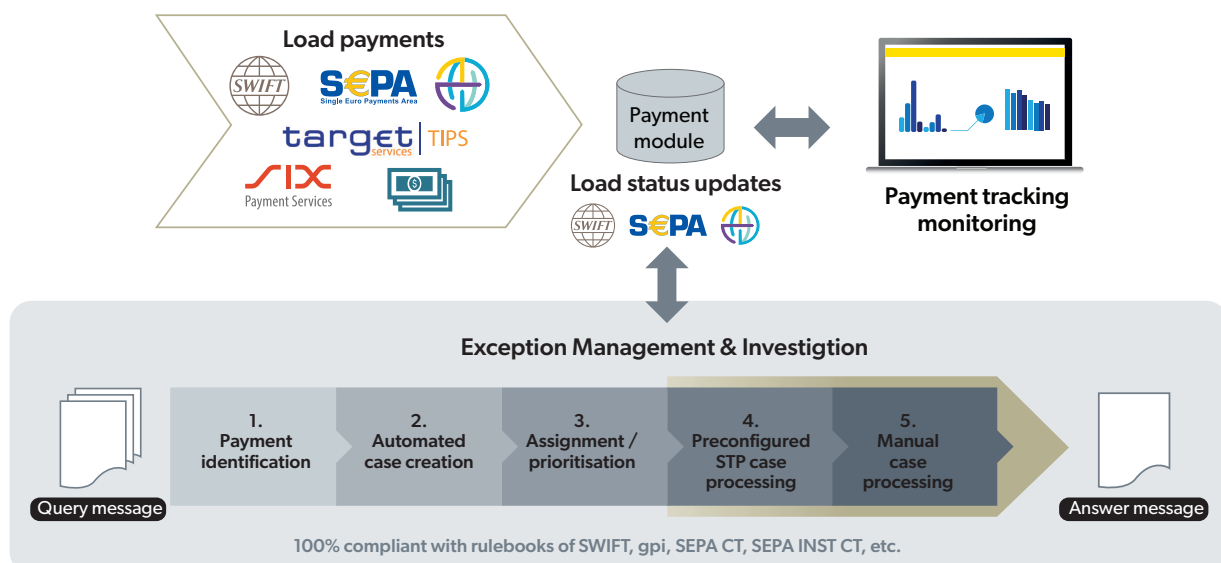
The solution allows the reporting of status updates to the SWIFT gpi tracker. Furthermore, it permits interaction with SWIFT's sophisticated 'stop and recall' process (gSRP), while strictly adhering to the terms described in the SWIFT gpi rulebook.

RTGS – Domestic Payments

In addition to processing SWIFT exceptions and investigations messages, Advanced Payment Control provides an automated service for the investigation of domestic payments sent through local Real Time Gross Settlement (RTGS) systems, such as SEPA, TARGET2, TIPS and UAEFTS (UAE Funds Transfer System). Now, for the first time, internal resources can search, retrieve and resolve their enterprise payments' open cases via a single solution, in a seamless and automated manner.

The solution performs investigations with the highest degree of efficiency. It can be used both by current TLM customers and by firms that require a stand-alone investigations and exceptions processing module, which can be integrated with their existing payment or legacy systems.

Benefits

Advance Payment Control offers a variety of benefits, including:

- **Driving higher STP rates for both SWIFT and RTGS-originated investigations**

- **Reducing operational risk, costs and turnaround time for investigations**

- **Increasing banks' ability to absorb new business without impacting cost or competitiveness**

- **Improving customer satisfaction and loyalty through shorter turnaround times for investigations and more comprehensive responses to inquiries**

- **Giving greater visibility into payments processing, thereby providing a critical risk management tool**

- **Advanced analytics give valuable insights into the root causes of failed or investigated payments. Payments failures can be analysed across all payments systems, to eliminate problems at source**

- **Minimum implementation time based on pre-configured workflows and templates**

About SmartStream

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