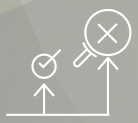
SMARTSTREAM

TLM® Aurora
Digital Payments Control

SUPPORTS ALL PAYMENTS TRANSACTIONS

ELIMINATING RISK AND ERROR



EXCEPTIONS AND INVESTIGATIONS

REGULATORY ALIGNMENT

Delivering real-time control, greater visibility into payments processing, and facilitating rapid detection and investigation of exceptions

Executive summary

The digital payments ecosystem has experienced considerable change in recent years. A plethora of payment instruments now competes for consumer and merchant acceptance, ranging from traditional bank transfers, credit, debit and charge cards, to innovations such as e- and m-wallets, P2P payment, alternative payments, and digital currencies. The variety of consumer-held form factors has also multiplied, allowing payments to be made via plastic card, NFC-sticker, mobile phones, wearables and biometric methods.

As new technologies emerge, further disruption seems likely, all participants in the digital payments arena will be striving to differentiate their offerings and to retain clients while tackling cost pressures.

The climate in which participants including alternative payment providers are competing is an exceptionally tough one: revenue per transaction is declining, while pressure from financial regulators, card schemes, consumer protection bodies and fraud prevention agencies is adding to complexity and putting up the cost of doing business.

To flourish in this changeable and highly competitive market, firms must control digital payments more efficiently. This goal remains elusive for many organisations, as they are hampered by a lack of automation. Relying on a mixture of spreadsheets, databases and paper processes, and fed by a variety of silo-based transaction processing systems, firms struggle with the huge volume of events that must be managed.

TLM Aurora Digital Payments Control (DPC) has been developed to challenge the existing status quo in this area and, in particular, to tackle the complexity firms face. It offers all the functionality firms need to make complex processes quick and easy to execute and monitor, while, at the same time, being intuitive, user-friendly, and easy to learn.

Highly scalable, Digital Payments Control provides a real-time control layer, delivering greater visibility into transaction processing, and assisting firms to automate posting generation. It enables users to manage various aspects of digital payments processing, e.g., full transaction lifecycle monitoring, settlement voucher creation, ATM balancing, chargeback processing, plus many other tasks.

The essence of a successful transactions reconciliation system is that it allows exceptions to be found rapidly and investigated, meaning risk exposure can be understood correctly and managed effectively. At its core, Digital Payments Control has an industry-leading reconciliations engine which automates transaction processing, removing manual activities and replacing them with exceptions handling technology. Any unmatched items can be resolved

using the solution's sophisticated, pre-configured workflow: this enables firms to identify problems – such as unmatched settlements and amounts, and potential fraud – making it possible to reduce risk, exercise greater control over operations, as well as create cost and time savings.

The solution increases automation levels and drives up straight-through-processing rates, bringing down the overall cost of payment processing. In addition, a lower exceptions rate frees up staff to concentrate on more valuable tasks.

Digital Payments Control offers an intuitive analytics layer. Thanks to this feature, the solution is easy to learn, allowing users to be trained quickly, and be up and running as soon as possible. The solution automatically guides personnel towards any tasks that need to be carried out, ensuring that staff do not waste valuable time looking for work.

Importantly, Digital Payments Control improves customer service, for example, through the reduction of account errors, thereby protecting and enhancing a firm's reputation. With enhanced exception and investigation processes they can further manage their risk exposure.

Business challenge

Digital payment providers need the appropriate systems and controls in place to monitor the full lifecycle of digital transactions, as well as to be able to produce the required postings in a timely fashion. Having an effective digital payments solution driving their business allows them to better manage and mitigate risk, as well as to lower processing costs.

Banks, networks and payment service providers must deal with business incidents which range from reconciling accounts to mismatched reporting and the avoidance of chargebacks. The volume and variety of these incidents mean automation is essential – if firms are to deliver a high level of customer service and to reduce the level of operational risk and cost they face.

Yet automation is still a far cry for many firms. Smaller companies continue to rely on paper files and reports. Companies that have automated often employ outdated processes or solutions which fail to offer real-time monitoring or reporting capabilities. Typically, point solutions developed in house are in use. These frequently lack advanced reconciliation, exception handing and reporting capabilities – the investment required being considered too high to justify.

These weaknesses leave companies vulnerable to financial risk, fraud, and high operational costs, resulting from account issues and subsequent investigation processes. Other dangers include lost profitability and inefficient use of cash. Counterparty risk – stemming from reliance on historical data from card issuers, merchants, networks and other banks – is a further danger, as is reputational risk resulting from delays and errors caused by technological faults.

Customer service is of fundamental importance and digital payments, in particular, represent a critical point of interaction between digital- and card-based service providers and their customers, whether they are card holders, wallet users or merchants. Incorrectly debiting or crediting accounts, or blockers that prevent payments being released, can lead to significant reputational issues and vexed customers. They also have an impact on operational costs, as banks must investigate the root cause underlying any account issues – a time-consuming and expensive task. The most cost-efficient way of handling exceptions is preventing them from happening or, if they do occur, to offer a quick and automated solution with a minimum of user clicks required.

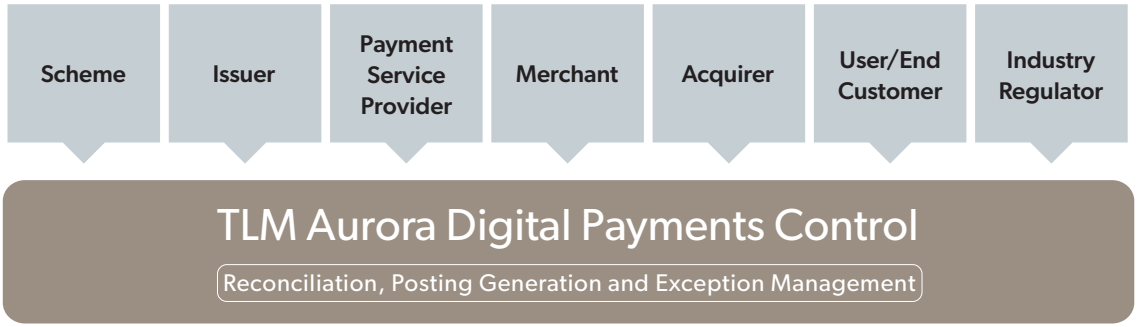
Some firms have looked to address the issues outlined above by outsourcing payment transactions. This does not, however, eliminate the need for a strong and independent operations control layer that manages risk and provides full visibility into all positions and transactions.

Solution overview

TLM Aurora Digital Payments Control tackles the complexity inherent in the payments industry and makes the processes involved quick and easy to execute and monitor. It offers the functionality a business needs to operate in this area, while being intuitive, user-friendly, and easy to learn.

Digital Payments Control is a real-time, pre-configured solution. Incredibly efficient, highly scalable, and easily deployable, it addresses the needs of credit card issuers and acquirers, payment service providers, and technology innovators. It is also available as a cloud-hosted solution.

The solution enables issuers, acquirers, and other digital payment service providers to automate reconciliation processing, remove manual activities and replace them with automated exception handling processes, providing more efficient and effective digital payment management. It utilises the financial services industry's most widely deployed reconciliation solution – proven technology used by hundreds of financial services firms globally.



TLM AURORA DIGITAL PAYMENTS CONTROL

The solution employs a highly intuitive, easy-to-use user interface, TLM View. This guides staff in their daily work, proposing new tasks where necessary. Thanks to this feature, the training of new personnel is made far easier and quicker.

TLM Aurora Digital Payments Control offers a variety of sophisticated features including:

Lifecycle operations monitoring

- Operations monitoring dashboards to control workloads
- Real-time MIS dashboards for transaction visibility at multiple levels
- Alerting and escalations for missing transactions, allegements, double debits, overdue processing of amount blockings

Exception management

- Flexible exception management workflows and an automated (inbound/outbound) messaging layer
- The ability to monitor, alert and escalate the full process from a high level, allowing users to drill down at any time

Chargeback handling

- API solution for chargeback submission to VISA and MasterCard
- Support for allocation and collaborative chargeback workflows
- Automatic resubmission and case escalation
- Solution for both issuing and acquiring business

Settlement voucher generation

- Loading of VISA and MasterCard settlement reports
- Creation of transaction aggregations in order to match reports
- Automatic settlement voucher generation and posting

ATM balancing

- Real-time inventory monitor of ATM machines
- Replenishment monitoring
- Support of cash deposit machines

Comprehensive audit/archive

- Monitoring of payments inventory against expected loads
- Process log of all actions
- Complete visibility into the reconciliations process and the state of individual reconciliations and exceptions
- Archive service available, supporting full historical reporting and the storage of network and/or management reports

Standards-based

- ISO 8583 compliance ensures full monitoring capabilities regardless of version used by each firm
- EPA (electronic payment advice)
- Support for the most common VISA and MasterCard formats
- PCI compliance

Benefits

TLM Aurora Digital Payments Control delivers a real-time operational control layer, ensuring greater visibility into digital payment transaction processing, allowing firms to manage different elements of digital payments processing including:

- **Full transaction lifecycle monitoring – from transaction authorisation through to issuer / acquirer settlement, invoice reconciliation, and settlement voucher generation**
- **Intra and interbank transactions for own and external customers**
- **The settlement of funds**
- **Transactional charges incurred for any service (with TLM Fees and Expense Management it manages very complex charges such as scheme and infrastructure fees)**

The solution offers an industry-leading reconciliation engine coupled with a sophisticated dispute management capability, ensuring effective resolution of unmatched items and other exceptions. It delivers significant reductions in risk and enables firms to identify problems – such as unmatched authorisations versus presentments, different settlement file formats, potential fraud, and faulty machines – more efficiently, thereby saving time and money.

Additional benefits include:

- **Post swipe, post tap operational control and dispute management**
- **Proven ability to manage millions of transactions per hour**
- **Reduced time and effort required to onboard new customers**
- **Enhanced transaction management – leading to higher processing rates and ensuring all exceptions are dealt with promptly and automatically**
- **Improved protection of reputation: more efficient monitoring and event management reduces account errors, such as double bookings due to stand-in or authorisation duplication**
- **Increased profitability through more efficient use of staff time: users are guided through their work and exception processes are automated - users spend less time per unmatched transaction and on reporting**
- **Lower operational costs: greater automation removes manually intensive processes and provides improved visibility into invoices from third parties**
- **More efficient operations: the lower number of exception items permits staff to focus efforts on added value tasks**
- **Improved fraud monitoring: rapid access to rich transaction and counterparty data enables firms to limit exposures and provide more efficient resolution**
- **Ease of use: an intuitive user interface guides staff through tasks - the solution apportions daily work and proposes appropriate next actions. The user simply needs to click on the open tasks assigned to him or her, and resolve them one by one**
- **Time-saving: a self-explanatory solution that also takes care of users, suggesting tasks rather than simply leaving staff to search for work**
- **Improved control: optional maker-checker principle where one type of user carries out the manual matching and exception handling, while a second user confirms or rejects the work done**
- **An optional Artificial Intelligence (AI) for heightened efficiency and continuous improvement**

Digital Payments Control manages transactions through efficient reconciliation and investigations, firms gain access to timely reconciliation of balances, transaction-level authorisations, settlements and interchange calculations. Integration to SmartStream's TLM Fees and Expense Management allows precise control of the overall billing, i.e. schemas, agreed with card providers. The functionality also extends deep into the organisation, reconciling records against general ledger account balances.

About SmartStream

SmartStream is a recognised leader in financial transaction management solutions that enables firms to improve operational control, reduce costs, build new revenue streams, mitigate risk and comply accurately with regulations.

By helping its customers through their transformative digital strategies, SmartStream provides a range of solutions for the transaction lifecycle with artificial intelligence and machine learning technologies embedded – which can also be deployed in the cloud or as managed services.

As a result, more than 2,000 clients – including 70 of the world's top 100 banks, rely on SmartStream Transaction Lifecycle Management (TLM®) solutions to deliver greater efficiency to their operations.

For more information visit:
smartstream-stp.com