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Streamlining Outward Clean Payment Processing: A Straight-Through Processing

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Table of Contents

Introduction

High precision and efficiency have always been the cornerstone of banking, owing to the increase in complex financial transactions, stringent regulatory requirements, and the ever-growing demand for seamless and secure services in the digital era. Command-based environment and menu-driven transactions from Finastra Equation form the backbone of banking solutions. However, the manual handling of AOP (Add Outward Clean payments) within this system presented a unique challenge for the leading bank in Dubai. To solve this, zetarp streamlined and automated the AOP process, fundamentally transforming transaction execution within the organization.

This case study will elucidate on how the challenges of time-consuming processes and the inherent risk of errors were rectified using user exits, static tables, and Look-up screens, paving the way for a transformative approach that replaces manual verification while enhancing productivity, accuracy, and overall operational efficiency.

Further, let us explore the comprehensive improvements for both back-office staff and end-users using various validations that promise a more efficient and error-free transaction processing experience.

Existing Challenges faced by the bank

The prominent bank in Dubai has a remarkable history of serving people beyond geographies, offering reliable services, and identifying a critical need to optimise its AOP process. Traditionally, the bank followed a meticulous four-step approach that includes

- 👍 Add Outward Clean Payments (AOP),

- 👍 Review Outward Clean Payments (ROP),

- 👍 Authorise Outward Clean Payments (AOC), and

- 👍 Confirm Outward Clean Payments (COP)

Out of the four stages, only the AOP involved substantive actions such as data entry and validations, whereas ROP, AOC, and COP—merely entailed blind reviews, authorizations, and confirmations, respectively, without adding significant value to the transaction. This unnecessary user intervention led to prolonged turnaround times, increasing the risk of errors and creating bottlenecks in the payment processing system.

Upon closer examination, it was identified that the review process (ROP) involved checks like the final confirmation (COP). **This redundancy prompted the implementation of a Maker Checker operation, ensuring that the reviewer validates the transaction before it proceeds to the final confirmation stage.** This additional step enhanced the overall accuracy of the process.

The bank recognised that streamlining this multi-step process into a Straight Through Processing (STP) model could eliminate redundancy, enhance operational efficiency, and significantly reduce the overall time required for outward clean payment transactions.

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Proposed Solution by zetaRP

Upon conducting a comprehensive gap analysis, it was observed that all necessary validations and data entries were performed during the first level (AOP). The subsequent three levels (ROP, AOC, and COP) primarily involved blind reviews and approvals without specific actions. **To streamline the process, it was proposed to transform the entire workflow into a Straight Through Processing system.**

Necessary validations and verifications were made at the EQUATION level using the static values, validation rules and business logics in the appropriate option specific user exit programs to accommodate the Straight Through Processing model. This included configuring the system to automatically handle the validations and postings that were previously performed manually.

New APIs were created to facilitate seamless communication between the various stages of the transaction process. This program enabled the automatic flow of information, eliminating the need for manual intervention.

By implementing these changes, the proposed solution aimed to simplify the outward clean payment process and significantly reduce the dependency on manual approvals. The configuration changes in EQUATION ensured that the system itself could handle validations, and the User exit programs. Development facilitated the smooth transition of information between stages, resulting in a more efficient and streamlined workflow. This transformation not only eliminated redundant manual actions but also promised improved turnaround times for outward clean payment transactions, enhancing overall operational efficiency.

Various steps involved in this implementation

zetarp achieved its desired results by systematically implementing steps to transform the outward clean payment process into a Straight Through Processing (STP).

1   **Needs Assessment and Gap Analysis**

First and foremost, a comprehensive assessment of the existing outward clean payment process was conducted to identify inefficiencies and areas for improvement and to analyse the gap between the current manual process and the desired automated Straight Through Processing model.

2   **System Analysis and Configuration Changes**

The existing EQUATION system underwent a comprehensive analysis to elucidate its capabilities and limitations. Also, several key configuration changes were implemented to enhance its functionality in supporting the Straight Through Processing model, allowing for the seamless automatic handling of validations and postings.

3   **User-exit program Design and Development**

New programs were designed and developed to enable smooth communication across various stages of the transaction process, which ensured the robustness, security, and efficiency of the programs in transmitting data accurately.

4   **Testing and Quality Assurance**

Engaged in thorough testing of both the reconfigured EQUATION system and the newly developed APIs to pinpoint and rectify potential issues. Additionally, ensure strict adherence to predefined quality and security standards for the automated processes.

5   **Implementation Rollout**

Executed a phased rollout to minimize disruptions to ongoing operations, also observed the implementation closely, and addressed any issues that arose during the transition.

6   **Monitoring and Optimisation**

Established continuous monitoring to track the new system's performance and continuously enhanced the process based on user feedback and evolving business needs.

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Benefits of implementing Straight Through Processing

Let us delve deeply into the specific advantages that the implementation of Straight Through Processing (STP) offers to financial institutions, exploring how this transformative approach optimizes transaction workflows, minimizes errors, and reduces operational complexities.

Elimination of User Level Dependency

With the removal of the three intermediate approval levels, the process became less reliant on manual intervention, reducing the chances of errors and delays caused by individual user availability.

Efficiency Enhancement

STP reduces reliance on manual interventions, automating transaction processes and significantly speeding up the overall workflow, which also enhances error reduction.

Cost Savings and Faster Turnaround Time

STP's streamlined automation reduces operational costs and significantly improves Turnaround Time compared to manual labour, paper processes, and error corrections.

Enhanced Security and compliance

Equipped with robust security measures, reducing fraud and unauthorised access, while automated processes align with regulatory standards, ensuring heightened compliance and minimising the risk of penalties.

Scalability

STP systems are inherently scalable, allowing financial institutions to handle increased transaction volumes efficiently without a proportional increase in manual resources.

Real-time Visibility

STP provides real-time visibility into transaction statuses, enabling quicker decision-making and allowing stakeholders to monitor and manage processes more effectively.

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Adaptability to Industry Changes

STP systems can be easily adapted to incorporate modern technologies or comply with evolving industry standards, ensuring long-term relevance and competitiveness.

Operational Agility
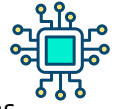
The automation and efficiency gains from STP contribute to increased operational agility, allowing financial institutions to respond promptly to market changes and customer demands.

Conclusion

zetaRP conducted a comprehensive analysis, understanding the intricacies of the Bank's outward clean payment process. Through meticulous requirement gathering and effective changes, the implementation of Straight Through Processing (STP) brought about a paradigm shift in operational efficiency. The bank experienced a remarkable transformation, witnessing a substantial reduction in manual dependencies and an expedited transaction processing timeline.

This accomplishment marks a significant milestone, positioning toward success in an increasingly competitive financial landscape. zetaRP's expertise in meeting unique client demands, coupled with strategic technological interventions, has demonstrated its commitment to driving innovation and operational excellence.

With a rich history of elevating business success for clients, zetaRP invites organisations to explore collaborative partnerships and unlock futuristic opportunities.

Contact us at +44 (0)204 574 2433 or via email at **salesdesk@MacroGlobal.co.uk.** Our dedicated team stands ready to engage with you, understanding your requirements and fostering a mutually beneficial partnership for sustained growth.

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