

# ACE Software explains how banks can make exceptions processing **Profitable**

Areas such as exceptions processing can make the payments business appear to be more of a cost centre than a profit centre, but this does not have to be the case, according to specialist payments solution vendor ACE Software. Banks can invest in a solution to help them reduce their overall payments infrastructure's total cost of ownership (TCO), including dealing with exceptions, says ACE's CEO Parth Desai.

In today's cost conscious climate, payments processing can appear to be an overwhelmingly expensive task because of inefficiencies in the methods and technology used. It can represent up to 40% of a bank's operating costs and often contributes only 33% or less to a bank's revenue: not a very attractive proposition from the outset. Exception processing can itself take about 42% of total payments' processing costs. However, banks can take matters into their own hands and invest in specialised solutions to tackle the root of the problem, says Desai.

"The focus is on providing three key things: cost reduction, revenue generation opportunities and customer retention," he explains. "By reducing manual intervention and increasing STP banks can be freed to provide their clients what they need and offer value added services on top of these basics."

Exceptions are caused by a plethora of reasons including a lack of proper connectivity between aging and legacy infrastructures, the use of duplicative payment systems, changing industry

standards, regulatory change and client demands. This means that banks must deal with message repair and enrichment, payment initiation, routing and enquiries and investigations.

Investment in a specialised payment solution, such as ACE's Pelican platform, therefore allows banks to deal with all these problems and benefit from intelligent repair of payments messages. According to Desai, the platform uses advanced artificial intelligence and semantic understanding in order to provide automated exceptions processing.

This can drastically reduce the cost of operations in this area by taking these tasks out of the hands of those engaged in manual processing. "Cost savings of around 70% can be achieved in this way," he says. "Headcounts can be reduced for repairs and customer support due to higher levels of STP and there is a reduction in charge back costs."

Furthermore, exceptions are not always a cost centre; they can represent positive opportunities in which to gain profit, continues Desai. "Positive exceptions can be used to create new products and services such as profit-based incentives for customers and differential pricing, thereby generating revenue and simultaneously improving customer satisfaction and ensuring banks are able to retain their market share," he explains. "Banks cannot afford to be left behind in creating a payments processing profit centre such as this."