

Case Study

UMB MODERNIZES IT PAYMENT PROCESSING WITH FUNDTECH'S GLOBAL PAYPLUS™, IMPROVING EFFICIENCY AND CUSTOMER SERVICE



By MR. JAMES RUNDBERG,
SVP, Cash Management and Electronic Payments

UMB has grown rapidly to become a major bank in the mid-west, but rising volumes, an outdated IT infrastructure and inefficient manual processes were putting pressure on the bank's wire transfer operations. The bank identified the need to re-engineer its processes and implement a new solution to help improve efficiency and enable it to better expand its business. Fundtech's Global PAYplus was selected because of its browser-based interface, its ability to handle large volumes of both domestic and international payments, and its rules-based architecture. Since implementing the solution, the bank has improved automation and productivity in its wire operations and can now look to expand its electronic payments customer base.

Situation

UMB is a large banking group with \$7.2bn in assets and 175 branches located throughout Kansas, Missouri, Colorado, Nebraska, Oklahoma and Illinois. In addition to processing payments for our own corporate clients, we also process for a number of large national customers in the mutual fund industry on a "white label" basis.

Our business today handles around 135,000 payments per month, with \$11-12bn in money movements per day. To achieve this position, we have had to make significant improvements to our IT environment.

For 18 years we had been using payment systems from the same vendor. We realized

that to achieve our business goals, we needed improved multi-bank functionality and real-time interfaces to provide efficient service to our customers. In addition, the product support had deteriorated, and when the vendor merged with another company, support was discontinued altogether.

This presented us with the ideal catalyst to re-engineer our wire business and improve the customer experience. As our volumes continued to grow we started looking for a new solution that would create efficiencies by automating many of our manual processes and enable us to process both domestic Fedwire and international SWIFT payments.

FAST FACTS

Location: Kansas City, Missouri, USA
Assets: \$7.2bn
Volume: 135,000 payments per month
Solution: Global PAYplus

BUSINESS BENEFITS

- Increased processing flexibility due to the rules-based solution.
- Introduction of more customized pricing structures.
- Efficiency gains from improved user experience.
- Flexible service at a competitive price giving the client more control.
- Multi-bank capability enabling a more customized white label service.

Situation (continued)

We also needed to choose a solution that was flexible and customizable to enable us to address the unique needs of individual clients and support the bank's white label business in one integrated solution.

Solution

After compiling our selection criteria and evaluating a number of vendors, it was determined that Fundtech's Global PAYplus product was the only one that could deliver the functionality and service support we required. Although international payments only account for a small percentage of our total volume currently, we expect this area to expand in the future and Fundtech's Global PAYplus enables us to support and expand our operations with one complete solution.

We went live with Global PAYplus in April 2004. The staff and end users were all supplied with an interactive CD ROM prior to the go-live date, which ensured that the switch went smoothly.

The implementation was greatly aided by Fundtech's staff, who stayed on for two weeks to ensure there were no problems. Fundtech's ability to automatically migrate our existing database to the new system was crucial to ensure a quick and accurate changeover. Moving 18,000 records with multiple lines manually would have been very time consuming as well as fraught with potential errors.

Benefits

TAILORED SERVICE DELIVERED THROUGH RULES-BASED SOLUTION

The uControl Rules™ Technology in Global PAYplus has enabled an entirely new level of control over our payments. With the user-friendly interface we can associate a multitude of rules with particular types of wire payments. This enables us to offer more tailored services to our clients that fit well with the bank's existing workflow. We are also able to develop our own unique user interface appearance which maintains the bank's branding.

One of the most important improvements has been the ability to introduce a dynamic pricing structure based on the time of day wires are received and sent. For example, since late day wires create a position risk for the bank, we can now charge more for them by simply making a rule change in the system. There are lots of possibilities, and our use of the rules technology will expand as we continue to get more familiar with the capabilities of the solution.

IMPROVED CUSTOMER EXPERIENCE AT A COMPETITIVE PRICE

Global PAYplus' integrated browser has greatly improved the customer experience because it is easy to use and understand. More customers can access the system at the same time, eliminating the problems and expense associated with traditional desktop software distribution.

The integration has created new capabilities for both our correspondent banks and branch personnel to access wire information, enabling a more seamless application for customers to view activity through our treasury management reporting system.

The functionality-rich environment has enabled us to create a much more flexible wire transfer process through the addition of a 'select and release' option. Clients can delete or amend single wires or batches of wires before they are sent out the door, effectively eliminating the need for message recalls. This gives them a greater sense of control over their funds.

Increased self service and greater automation has enabled us to control our risk more effectively and reduce our internal costs. We can then pass those savings on, giving us an opportunity to increase the number of large clients through competitive pricing.

EFFICIENCY GAINS FROM REAL-TIME INFORMATION

Because of the ease of integration of Global PAYplus with our other systems, we now have real-time posting to our customer information systems, and entries are made directly to accounts on a real-time basis. Previously this would have taken place in overnight batches.

We can update and receive current available balances as well as post incoming credits. Having authorization on a real-time basis for initiation of a wire transfer increases our processing efficiency.

Because the user interface is easy to understand and operate, our wire room staff has a better understanding of the system. This has greatly improved our internal processes and is saving time and effort. Within the first 90 days we were able to move two wire room employees onto more value-added tasks.

MULTI-BANK CAPABILITY FOR WHITE LABELED PRODUCT

The multi-bank capability of Global PAYplus means we can offer a white label service to our institutional customers in a much more customized way, enabling each client to have a custom branded front-end look.

Our white label service is more user-defined and flexible than before and even though each customer might have different rules and interfaces, we can run everything off the same platform. With this flexibility demonstrated on a daily basis, we are looking to opportunities roll this service out to other institutions/large wire clients to provide new revenue streams for UMB in the future.

WORKING WITH FUNDTech

Once our development project got underway, Fundtech took the time to study and fully understand UMB's unique requirements and complex interfaces in order to map these requirements into Global PAYplus' structure and processing flows. Having Fundtech's expertise on site for two weeks after going live ensured the implementation process was as smooth as possible. That dedication, which, from experience, is not normally the case with vendor conversions, proved we were partners in this implementation and we are confident this will continue to be the case as the solution evolves.

We are already seeing the benefit of Global PAYplus and within the next year, we expect to lower our costs by at least 15 per cent. By increasing our knowledge of the solution and leveraging the browser interface and rules technology, we can further improve STP rates to create additional savings.

