

Case Study

FIRST NATIONAL BANK OF ARIZONA HALVES WIRE ROOM STAFFING AS VOLUME DOUBLES



BY: MR. LYNN CRANE,
EVP Operations

MR. JOHN PAULICK,
SVP and Technology Manager

First National Bank of Arizona has grown rapidly over the past five years, led in part by the bank's mortgage origination business. Growing volumes of mortgage origination were putting pressure on the bank's centralized wire transfer operations, which relied heavily on faxes and manual re-entry of data. The bank identified a need for an automated solution to support the mortgage business as well as its retail and corporate banking operations. Fundtech's PAYplus USA solution was selected because of its browser-based interface and ease of integration with other systems, which enabled real-time account updates and authorization, and straight-through processing from transfer initiators to the Fed. Since implementing the solution, the bank has greatly improved efficiency and productivity in its payments operations.

Situation

We are a commercial bank that decided to enter the mortgage origination business in 1999. We went from originating zero dollars in mortgage loans in 1998 to originating approximately five billion dollars in 2003. To handle the volume of mortgage originations, we established a centralized wire transfer area. A legislative change in 2002 requiring that funding for mortgage loans be completed with collected funds further clarified the need to use wire transfers.

Not anticipating that mortgage loans would grow exponentially, we originally installed a Fedline dial-up terminal and manually keyed in all the wire information.

If any area of the bank needed to transfer funds, they would fill out a form and fax it to the wire desk, who would key the information into the Fedline terminal. A second operator was required to verify the information before it was released

FAST FACTS

Name: First National Bank of Arizona

Sector: Privately held community bank

Assets: \$1.2 billion

Solution: PAYplus USA™

BUSINESS BENEFITS

- Doubled wire transfer volume with less than half the staff.
- Reports easily generated, giving greater visibility and control.
- Integration with other systems improves automation.
- Improved accuracy and dispute resolution.
- Real-time account updates and query resolution.

to the Fed. We would then dial into the Federal Reserve Bank on a 15 or 30 minute interval and transmit the wire information in batches.

Approximately 90 percent of our wire volume comes from the Loan Origination Department in the Mortgage Division, and about 60 percent of that volume is processed during the last couple of days of each month. The remainder of our wire volume comes from our retail and corporate banking operations. Our reliance on manual procedures made it difficult to meet the Fed deadlines when our volume was at its peak.

A short term solution was to increase our staffing from one part-time person with one Fedline terminal to five full-time people with three terminals. However, it was apparent we needed an automated funds transfers solution to support the bank's business growth.

Fundtech



Solution

We identified a number of key requirements that would enable us to support not only our growth in the mortgage business, but also retail and corporate banking activities. We wanted a solution with a browser interface, so that bank employees initiating a transfer could easily enter the data themselves without requiring an application to be installed and maintained on their desktops.

We also required integration with our core banking system so that we could automate the previously manual process of checking balances and verifying funds prior to originating a transfer. Similarly, we needed integration with our Internet cash management service so that customer requests for transfers could go straight through to the wire room and the Fed without requiring faxes and re-keying between departments.

After a rigorous evaluation of various vendor solutions on the market, we concluded that Fundtech's PAYplus USA was the only system that met all of our requirements. We have now successfully implemented the core product, along with additional modules including Fundtech's Payments Archive Manager™, a long-term repository for data that enables historical analysis and investigation of records.

We signed the contract at the end of March 2003, and went live in July of 2003. Implementation was about a six-week process; however, the majority of that time was spent waiting for the Fed circuit to be installed and tested. Once we implemented the system it took us another three months to get everyone in the mortgage operating centers in 59 locations and 40 states trained and utilizing all aspects of the system.

Our implementation of the system has been a great success resulting in significant business benefits.

Benefits

LESS STAFF AND HIGHER VOLUMES

PAYplus USA has enabled us to streamline our processes and eliminate the manual data entry, faxing, and re-keying of information. The Loan Origination Departments can simply enter the information online rather than fill out information on a sheet and fax it. Once a loan officer has entered the information via the browser, a manager in a completely different location, using any computer, can review the information before it is sent to the wire room.

The application and the database reside on a central server allowing wire room operators to track transactions waiting to be verified or released. The wire room operators now spend most of their time releasing wires and monitoring the exception queues.

We've reduced staff from five to two, and on average, we're now processing 300 mortgages a day as opposed to 150 to 175 per day. The Fundtech solution has provided us with a sustainable, cost-effective model for mortgage loan origination enabling us to handle our mortgage originations more efficiently. The solution is also supporting other areas of the bank, and will be crucial in supporting our cash management service where we expect to see significant growth.

IMPROVED REPORTING, AUDITING, AND CUSTOMER SERVICE

Before we automated with PAYplus USA, we found it extremely difficult to create consolidated reports from the three Fedline terminals, and as a result we only compiled reports when absolutely necessary. Now we can easily generate a full suite of audit and branch wire activity reports, giving us enhanced visibility and control over the wire transfer function.

The ability to answer queries regarding current or historical data in real-time rather than spending hours or days investigating, has greatly improved our customer service. Previously, we had to manually check through numerous wire print-outs to answer a query about a transaction; today we simply conduct a quick database search.

MORE EFFICIENT DEALINGS WITH TITLE COMPANIES

Prior to implementing PAYplus USA, personnel would print out the information and fax it to the title companies. The solution's fax notification feature has automated this process and saves us an enormous amount of time and effort.

We do a lot of work with the same title companies, and with the solution's browser interface, lending offices can pre-populate all the information in templates eliminating the need to re-key data thus minimizing errors. On the old system, templates were only available to the wire room operators. Therefore lending officers in the field had to fill out blank forms every time they initiated a wire transfer, even when dealing with recurring wires from the same customer. Now templates are available to everyone.

AUTOMATED ACCOUNT UPDATES AND AUTHORIZATION

The ease of integration of PAYplus USA with our core banking application, Fidelity Horizon, provides real-time posting to our accounts. Before we installed the solution, it took us two or three hours at the end of each day to process all of the financial entries required by incoming and outgoing wires, and post them to different accounts, such as general ledger accounts and DDA accounts. The Fundtech solution has automated the whole process.

PAYplus USA eliminated the need to manually check a "Table of Authority" paper document for authorization limits and has automated OFAC violation checking. Additionally, the system checks clients' balances to eliminate the risk of non-sufficient funds.

IMPROVED ACCURACY AND DISPUTE RESOLUTION

Enabling the lines of business to do their own data entry has greatly reduced errors. We no longer get many returned wires because wire operations have made a mistake. These operational efficiencies have allowed us to extend the wire transfer deadline one hour providing improved customer service.

The implementation of the browser empowered the branches to resolve disputes without involving the wire room. Mortgage officers, for example, can look up the information themselves; they no longer have to call operations for the Fed reference number, the date or the amount.

Initial resistance quickly gave way to satisfaction when it became clear to transfer initiators in the bank that the new PAYplus USA process would simplify the workflow and give them increased control. In addition, the audit capabilities provides detailed security information including who created a wire. Now if the wire desk has a question about the information, they know exactly who to call.

Working with Fundtech

Throughout the implementation and ongoing phases, Fundtech has proved to be a responsive partner by understanding and addressing all of our needs. The monthly peak in mortgage wire transfer requests created a very short window for installation and testing. Fundtech accommodated our aggressive timelines. In the ongoing integration work, the company has also been very willing to work closely with us and deal with the inevitable hurdles that arise. The practical knowledge of the Fundtech staff has been instrumental in the formation of best practices for our new automated environment. Our strategy is to support continued business growth by implementing systems and processes that are efficient, sustainable, scalable, reliable, auditable and secure. Working with Fundtech has certainly helped us meet this goal.

