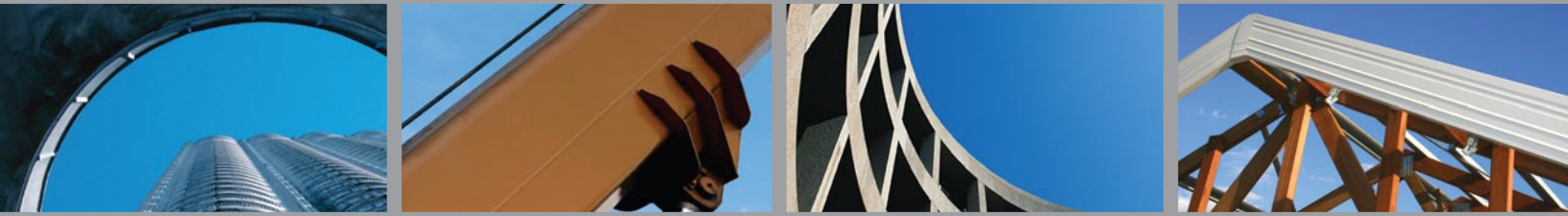


Case Study: Increasing Payment STP and Reducing Bank Charges



One of the world's largest portable music device manufacturers needed a way to ensure that the monthly royalty payment instructions to their record label partners were correct. Their payments were issued without a confirmation for payment instructions accuracy. As a result, misrouted payments were impacting their operational efficiency, incurring charges from their bank for incorrect payments, and affecting their relationships with their partners.

KEY CHALLENGES

In the cases when any payments were returned because of invalid payment instructions, the Company was already using Accuity's online look-up tool for bank reference data, The Global Banking Resource™ (TGBR) to correct those items manually. Because of the success of their product offering and an initiative to expand the label partners, they needed more than ever to validate payment instructions before submitting them to their banks for processing—thus avoiding reject and repair fees from their partner banks.

SCENARIO

The company's independent record labels would agree to contract with the Company, and it would then set up on their systems information about the record label's bank payment routing information. At the end of each month, the Company would send payment instructions to their partner bank in order to pay royalties to the record labels for music purchased and downloaded by their clients. The royalties were typically low value (<USD\$1000) and were paid via wire transfer. The Company's partner bank processed the wire transfers using the payment instructions provided. However, the partner bank encountered errors in instructions due to incorrect SWIFT/BICs and local clearing codes, undefined correspondent banks, unspecified SSI account numbers and so on. The partner bank repaired the items that it could and returned those that it could not. In both cases, the Company received repair and reject fees from their partner bank of more than USD\$20 per item. The Company then had to contact the record labels directly to try to get updated or correct bank information in order to route payments correctly, a manual process that cost them additional time and money.

SOLUTION

Accuity offered an enterprise-wide Global Payment Solution to validate these payments, providing the Company with the ability to verify national bank codes and SWIFT/BICs, as well as determine correspondent banks and SSI numbers in order to make sure that the royalty payments were executed correctly. Accuity packaged two of its flagship products: Global Payment File™-Plus (GPF-Plus) and IBAN File.

DEPLOYMENT

The Company uploaded Accuity's GPF-Plus data into the core application that it used to set up royalty payments and they now check payments from its customers before sending payment instructions to their partner bank. Specifically, the Company verifies both SWIFT and local clearing codes and defines correspondent banks by currency in order to set up the wire transfer, all by checking the customer's bank information against GPF-Plus. In addition, when available, the Company appends the SSI account number of any defined correspondents, maximising their rate of payment straight through processing.

RESULTS

The Company immediately experienced a substantial decrease in the number of rejected items. They have noticed a double-digit improvement in their rate of payment STP to partner banks and GPF-Plus has more than paid for itself in less than one year of licensing the data from Accuity. Additionally, Accuity was able to provide a comprehensive bank data solution as well as a broad technical workshop where the Company learned about how to utilize the enterprise-wide solution in their business.