

RECONCILIATION

THE PRACTICAL GUIDE TO MANAGING RECONCILIATION CONSOLIDATION

What's your approach?

A consolidated, centralized solution for all reconciliation activity makes it far easier to manage high-volume, complex processes across multiple regions and departments, and keeps down administrative overheads too. These four practical steps will take you closer to your very own reconciliation center of excellence, with unprecedented visibility and control from end to end.



1. Create a Reconciliation Inventory

Size up the challenge ahead by clearly documenting every reconciliation-based process that is currently performed across your organization, and the systems and data that feed the reconciliation environment. Putting together a detailed and holistic reconciliation inventory in this way will help determine the scope of your consolidation project and highlight where efficiency gains can potentially be made.

Best practice tips:

Start simple

Kick off your catalogue by first reviewing all the different automated reconciliation tools that your organization runs at the moment. Then, under each tool, list each reconciliation process the solution in question takes care of.

Leave no stone unturned

Extend the inventory beyond the automated software environment to include proprietary code and tools. And don't stop there: dig deep into your organization's actual record-keeping systems and document any optional or integrated reconciliation processes they may incorporate.

Capture key components

For all the above processes you've now listed, identify and catalogue the critical attributes and dependencies of the process as it stands today. These will include: the systems it interacts with, the data files involved, the frequency of the process, the volumes, workload and costs it creates, the people that own and manage it, and all other stakeholders.

DID YOU KNOW?

Nearly nine in ten executives report that the need for internal reconciliation is increasing as part of an effort to adhere to both external regulation and internal risk management controls.

CEB TOWERGROUP – RECONCILIATION APPLICATIONS TECHNOLOGY ANALYSIS.



2. Make to Measure

With the all-inclusive inventory as a starting point, it's time to establish the end goals of consolidation. By setting appropriate, achievable standards and objectives, and finding meaningful ways to measure success, you can navigate a clearer path to an environment of lower costs, greater control and reduced risk.

Best practice tips:

Keep it real

In defining financial objectives, stick to the specific context of your organization and, above all, your reconciliation catalogue. In other words, any cost reductions you set out to achieve should be based purely on the processes you've documented and may look to consolidate. Don't be swayed by industry averages or high-level management objectives that may not be relevant to your particular environment. If it's not strictly applicable, it won't be achievable either.

Clarify your control objectives

When it comes to control, it's vital to set a universal baseline of standards. That means a consistent level of access and audit across the whole reconciliation environment, and the permissions required. For example, you might stipulate that configurations cannot be touched between the user acceptance testing and production stages of the on-boarding process.

Report, report, report

With standards set and objectives established, you'll need a comprehensive approach to reporting on the performance of your consolidated environment. Identify your own critical to quality and critical to process metrics and determine how to capture them. Then ensure that simple, digestible reports on all these key measures are generated and distributed to stakeholders on a frequent, regular basis.

DID YOU KNOW?

CEB TowerGroup asks "In running a centralized reconciliation practice, how are we measuring the effectiveness of an automated platform to meet business objectives?"

CEB TOWERGROUP – BOOSTING RECONCILIATION TECHNOLOGY ROI WEBINAR.



3. Map Out your Landscape

As well as being in line with financial and control objectives, the shape and form of your consolidated reconciliation environment will depend on a number of practical considerations. These require critical decisions about the resources and infrastructure you'll need to support key processes, such as where your center of excellence will be based.

Best practice tips:

Hone your hardware

Refer back to your reconciliation inventory to understand the typical volumes and different kinds of reconciliations your environment will process. This will help you design and build an appropriate hardware infrastructure.

Build for scalability

Over time, the volumes being processed by the system are likely to vary significantly, as will the number of users needing to access it. To accommodate these fluctuations, make sure that your hardware architecture is as scalable as possible, with a footprint that's easily adjusted up or down.

Location, location, location

Consider the skills that are required to manage your environment, the types of users that will access the reconciliation solution, and the current landscape and geographical distribution of resources and infrastructure. Unless you plan to build from scratch, identify the gaps that will allow you to create a practical starting position so you can benefit from what is already in place.

Stay in line with strategic objectives

Whatever decisions you make about the management and location of your reconciliation environment, they need to take into account your previously determined financial and control objectives. Keep going back to the objectives you've set, and use them to shape your technological and geographical landscape.

DID YOU KNOW?

A recent CEB TowerGroup survey stated most enterprises expect to save more than 15 percent on their reconciliation costs by adopting a centralized reconciliation system.

CEB TOWERGROUP – RECONCILIATION APPLICATIONS TECHNOLOGY ANALYSIS.



4. Stand and Deliver

The careful preparations and considerations already described will put you in a strong position to turn a consolidation strategy into effective action. From here, the success of your reconciliation center of excellence will depend on your ability to bring the reconciliation inventory to life in its new landscape, and execute your plans with the fastest time to market, the lowest project risk – and clear, rapid benefits for stakeholders.

Best practice tips:

Plan for growth

By creating a consistent, rapid and universal on-boarding process, which in turn incorporates all your baseline objectives, you could achieve the highest levels of automation with minimal time to market. For more on this major topic in its own right, see FIS' Practical Guide to Managing Reconciliation Growth.

Work with what you've got

Whatever service model you have in mind for your reconciliation center of excellence, it makes sense, where economical, to migrate to it in phases. Look at your reconciliation environment as it's structured right now, and then break it down into manageable chunks of consolidation activity.

Go for quick wins

As part of your phased approach, identify the areas that will deliver the greatest results at the highest speed, whether in terms of reducing risk or cost. Dealing with these first will demonstrate the benefits of consolidation most clearly and dramatically, encouraging buy-in from key stakeholders.

DID YOU KNOW?

In a recent CEB TowerGroup survey, 70 percent of banks stated they are seeking to achieve a centralized reconciliation environment, however only 48 percent have currently managed this.

CEB TOWERGROUP – ENTERPRISE RECONCILIATIONS AT TIER 1 BANKS: MEETING THE OPERATIONS AND TECHNOLOGY CHALLENGES SUPPLY AND DEMAND EVOLVES.

To Consolidate your Reconciliation Operation and Achieve Operational Maturity, Turn to FIS' IntelliMatch Operational Control

A comprehensive platform for enterprise reconciliation, FIS' IntelliMatch Operational Control solution suite enables financial institutions to achieve operational maturity by:

- Supporting business and operational growth through the rapid establishment of new reconciliations
- Consolidating their reconciliation infrastructure and processes for lower total cost of ownership
- Optimizing resources, rules and business processes for greater efficiency



**1. Practical
Guide to
Growth**



**2. Practical
Guide to
Consolidation**



**3. Practical
Guide to
Optimization**

About FIS' IntelliMatch Operational Control solution suite

FIS' IntelliMatch Operational Control solution suite helps financial institutions deploy enterprise matching and reconciliation solutions to achieve operational maturity. By enabling business growth through rapid on-boarding of new reconciliations, consolidation of infrastructure and processes for lower total cost of ownership, and optimization of processes for greater efficiency, organizations will reduce operational risk and minimize costs.

About FIS

FIS is a global leader in financial services technology, with a focus on retail and institutional banking, payments, asset and wealth management, risk and compliance, consulting and outsourcing solutions. Through the depth and breadth of our solutions portfolio, global capabilities and domain expertise, FIS serves more than 20,000 clients in over 130 countries. Headquartered in Jacksonville, Florida, FIS employs more than 55,000 people worldwide and holds leadership positions in payment processing, financial software and banking solutions. Providing software, services and outsourcing of the technology that empowers the financial world, FIS is a Fortune 500 company and is a member of Standard & Poor's 500® Index. For more information about FIS, visit

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