



## Automated Clearing House Origination System Becomes Model IT Project for Global Financial Institution

**“This was the number one system development project for the organization at the time,” said the institution’s vice president.**

**“We couldn’t have done it without Axiaware<sup>sm</sup>, in terms of both the outcome and the requirements gathering at the outset. In fact, the requirements document they helped craft has been cited several times by our systems development group as a model requirements document.”**

A large, worldwide financial institution sought to significantly enhance customer service and convenience by building a funds transfer system that allowed easy movement of funds electronically from and to other financial institutions. While customers could make direct deposits, they couldn’t electronically disperse funds to other institutions. And while it was easy to process loan applications made through this institution, customers couldn’t easily transfer money from other banks to make loan and credit card payments.

With a focus on serving the customer and maintaining their competitive edge, the organization sought to introduce this functionality and create an Automated Clearing House (ACH) origination based solution. The ACH Network is a nationwide batch-oriented electronic funds transfer system that enables the inter-bank clearing of electronic payments.

The ACH system processes most non-credit card electronic payments in the U.S., including direct deposits, bill payments, and e-checks.

### **Analysis, Collaboration and SOA Coalesce for Success**

The institution knew that they wanted to create an ACH Origination solution, but needed outside resources to make this a reality for their customers. They examined a number of commercially-available ACH Origination solutions, evaluating the pros and cons of each for their environment. Based on their proven expertise guiding software development projects, Axiaware was chosen to create this system. Working closely with the client team, Axiaware began by conducting a careful requirements analysis.

Next, Axiaware created “straw man” user interface mockups. This way, they could visually share components of the system with the project team early and often. Presentation of each version and its corresponding options generated feedback, which was followed by revision cycles. As Axiaware guided the institution through the various phases and solidified objectives, the mockups then become more sophisticated, from both visual and operational perspectives. To present a clear

picture as the project unfolded, Axiaware presented mockups of the user interface, screen shots, and the business rules and requirements that applied to each function.

This iterative, team-centered process lasted for several months. The output was a set of prototypes for both an internet-based customer version and an internal call center version for originating ACH transactions. The next step was to convert the prototypes into a comprehensive requirements document.

With requirements clearly defined, and supported by the internal client team, Axiaware worked in tandem with the institution to build the system. Axiaware developed the web-based customer facing portions. Meanwhile, the client’s team developed the components that debited and credited customer accounts. The combined synergies of this collaboration resulted in a best-in-class user interface and top-notch back-end processing for both the customer facing and call center versions.

*Because of the careful project analysis, the ACH Origination project set new standards against which other IT projects are measured for this institution.*

To maximize the institution's existing IT investments while creating a solution that would provide lasting benefits, Axiaware built the customer-facing front-end with a Service Oriented Architecture (SOA). Now the client easily makes changes and updates and has access from external systems.

### **The Gold Standard in Requirements Gathering**

Because Axiaware began with thorough project analysis, the system was set up to succeed. And this success has resonated beyond the ACH Origination system. The requirements process Axiaware implemented is now seen as the gold standard model throughout the organization.

### **Millions of Transactions Later, System Still Hits the Mark**

Three years later, the system continues to meet the organization's challenges. The institution's Vice President calls it "the Energizer Bunny® system," because "it hasn't required a lot of maintenance, or care and feeding. But when we do need to make modifications, Axiaware is right there to help," he said.

In the three years since the system has been in place, volumes have more than tripled. In 2006 alone, the system performed almost 2 million transactions valued at nearly \$1 billion.

The ACH Origination system has proven easy for customers to use, while enjoying new services previously unavailable. They can move money to other financial institutions, as well as pull in funds and make loan payments on a one-time or recurring basis.

### **ACH Origination Business Impact**

In addition to creating new payment and transfer options, the ACH Origination system has reduced costs for the institution. Electronic payments are much cheaper to process than checks received through the mail. Moreover, the easy to use and intuitive internet-based customer interface allows many customers to serve themselves from work or home, allowing them the convenience of not having to visit a busy branch office or even to make a phone call. And, because the payments can be pre-scheduled, fewer customers forget to make their payments.

ACH Activity	2004*	2005	2006
Debits (Pull to Loans)	294,688 \$138.6m	608,390 \$265.4m	933,441 \$388m
Credits (Push from Checking)	284,185 \$168m	730,330 \$365.8m	1,147,562 \$566m
<b>Total:</b>	<b>578,873 \$306.6m</b>	<b>1,338,720 \$631.2m</b>	<b>2,081,003 \$953m</b>
* 2004 reflects July – December			



Axiaware<sup>sm</sup> bridges the gap between a business goal and a software solution. Leading institutions rely on Axiaware for world-class planning, design and implementation of revenue-generating software products. Axiaware means software with value.

**Have a project you'd like to discuss?**

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