



# MORE PAYMENTS, MORE PROBLEMS?

## CONSIDER A CONSOLIDATED PAYMENT PROCESSING PLATFORM

MAY 2021 // AN ORACLE GOLD PARTNER

### ABSTRACT

// Together, card-not-present and contactless transactions make up the majority of payments today. As the number of payment channels grows, managing payment processing and compliance becomes more difficult — and expensive. Companies must expertly juggle regulations, fees, rates, and customer expectations just to do business.

A consolidated payment processing system can simplify payment processing, tighten compliance, lower costs, and increase efficiency. However, locking yourself into a payment vendor's proprietary system can reduce the scope of potential benefits, and building a custom inhouse solution requires a level of financial expertise that few companies possess.

A universal payment processing platform that can be tailored to meet your needs offers the benefits of consolidated processing while sidestepping the potential pitfalls of proprietary or inhouse systems.

Such a solution should involve a thorough evaluation of your processing workflow as well as current and projected card-not-present (CNP) and electronic funds transfer (EFT) billing and payment volume. It should also be based on best practices to help reduce processing fees and strengthen your negotiating position. And it should be customizable to integrate with and link your existing systems and infrastructure.

This type of payment processing platform can position your company for growth, regardless of the size of your organization.

# INTRODUCTION

Cash drawers don't cut it anymore. The swift growth of contactless payments, driven by mobile shopping options and the Covid-19 pandemic, companies rely on payment processing services that can validate and distribute money digitally, quickly, and reliably.

Payment processing is a sophisticated procedure that enables customers and merchants to transact with one another. It involves authenticating payment information like a customer's identity and delivering payments and refunds to the correct accounts. Every payment needs to be processed and reconciled, whether a transaction is initiated by credit card, electronic fund transfer (EFT), a digital wallet or even cash-in-hand.

But in many companies, payment processing is fragmented, making it difficult to manage compliance and tricky to reconcile accounts. Fragmentation can happen over time as payment systems and processes are purpose-built for new channels. Sometimes multiple processes and systems are in play because of mergers and acquisitions.

As payment systems pile up, processing becomes more complicated and costly. The average cost for card-not present payment processing, for example, is around 2.50%.

Such transactions made up 31% of total debt transactions and 45% of total credit transactions by March 2021. In addition, contactless "tap-and-go" transactions doubled over the first year of the Covid-19 pandemic, from 8% for debit and 6% of credit in March 2020 to 17% and 13%, respectively, in March 2021.

Juggling multiple payment systems — and multiple billers, integrations, and reconciliation systems — also introduces unnecessary expense and creates inefficiencies that impede growth.

# 31%

Card-not present transactions made up 31% of total debt transactions and 45% of total credit transactions by March 2021, which has complicated payment processing platforms significantly.



The fragmentation of payment processing has made it more and more difficult to reconcile accounts quickly.

# THE BENEFITS OF CONSOLIDATION

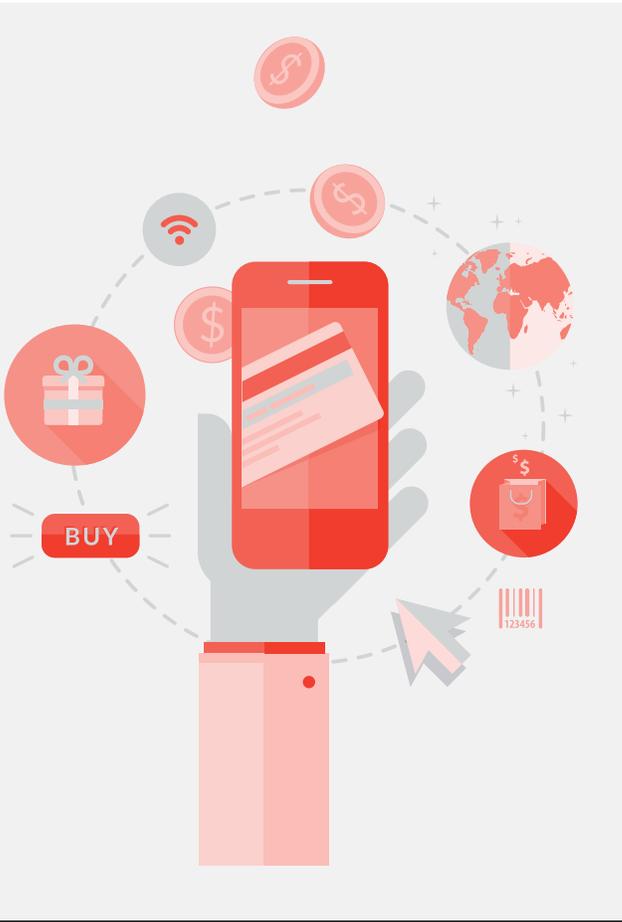
To solve these problems and prepare for the growing number of digital payment solutions, companies can adopt a consolidated payment processing platform. Compared to a traditional siloed approach, consolidated payment processing reduces complexity, lowers processing-related costs, and increases operational efficiency.

## Reduce complexity

Every payment channel comes with its own set of compliance rules and regulations. Companies must stay on top of every requirement, from PCI compliance for credit cards to NACHA operating rules for checks. It's a tough task, made more complicated by using multiple processes, systems, and vendors.

Having multiple payment processing solutions means you need to negotiate contracts and service terms with multiple providers, and your IT team must support multiple solutions. Plus, formatting differences between processors and tools could make it difficult to reconcile transactions — and nearly impossible to investigate issues.

Consolidation erases these concerns. With a consolidated payment processing solution, you can follow any transaction through its entire lifecycle. Your payment data is in one place, regardless of payment channel or stage (e.g., charge back, return). Everything is simpler, from the number of processes and logins you need, to training and reporting.



Multiple processes, systems, and vendors make the tough task of PCI compliance even harder.

## Lower cost and risk

Managing a complex payment processing environment is costly. Valuable manpower hours are lost to profit-draining tasks like vendor management, data collection, and data reformatting; meanwhile, critical time-sensitive tasks that rely on payments data, like account reconciliation, are slower and tedious to perform.

Having disparate payment platforms can also result in conflicting or inconsistent processes, which create security and fraud vulnerabilities and lengthen audits. And if a data breach occurs among any one of your payments tools, the financial and reputational costs could be enormous.

A consolidated payment processing solution lowers costs and risk immediately by eliminating redundant expenses and conflicting processes. When every payment channel flows through the same system and process, it's easier to implement companywide best practices and tighten cybersecurity and internal controls. There's just one system to maintain and secure.

Data is also easier to extract and analyze since it doesn't have to be pulled from multiple sources or manipulated before it can be reviewed or shared. Reporting, data management, IT management, and cybersecurity expenses all shrink when there's only one solution to oversee.

Consolidation also gives companies the power to strategically lower expenses. This capability can be enhanced by choosing a PCI-compliant

solution that is vendor- and processor-agnostic, so that financial leaders can route payments to the bank or clearing house of their choice. By avoiding proprietary ties to vendors or contracts, companies can switch processors to get the lowest fee or best rate whenever their transaction volumes, values, or needs change.

## Increase efficiency

If you're managing a dozen payment solutions, how do you address urgent cybersecurity concerns? How do you prioritize systems for maintenance and upgrades? And how much time do you waste managing systems rather than your data?

A single payment solution is far more efficient. And, it's easier to align a single payments solution with the rest of your financial infrastructure, like billing and revenue management. Companies with consolidated payments solutions can handle customer disputes, charge backs, and returns more efficiently, and can speed up account reconciliation.

Consolidation also makes it easier to adopt new digital payment options because only one system needs to be changed to support the new option.

With a single payment platform, companies also get better insight into their data. They can spot trends faster — and more accurately — since decline, return, dispute and transaction data all reside in one place and one format.

# ONE

**Consolidating to one payment processing platform reduces complexity, lowers cost and risk, and increases efficiency.**

## A UNIVERSAL SOLUTION

To consolidate payment processing, companies need a universally accepted, vendor- and processor-agnostic payment platform.

A standardized payment gateway gives you the freedom to choose processors and providers to match your business needs. It also creates a “one place” architecture to streamline operations and ensure consistency: There’s one place to reconcile transactions; one place for billing systems to send payments for collection; and one place to funnel payments to get the best rates.

A flexible, cost-effective, and PCI-compliant payment processing platform can:

- » Receive, store, and send payments
- » Record transactions by unique customer ID and payment type
- » Interface with billing systems
- » Create payment reconciliation reports
- » Support automated account updates

Consolidated payment gateways are optimal for companies with automatic billing and recurring subscription services. But any company that struggles with visibility into its payment lifecycle or with processor inflexibility can benefit from a vendor-neutral solution.

Such a solution can be made even more effective when it can be tailored to meet company-specific needs.



Universal payment platforms simplify your business.

### Custom-built, not home-built

Many companies see the value of an in-house payment processing solution, but don't have the resources to build a compatible solution themselves. Working with an experienced vendor offers the best of both worlds.

When evaluating such solutions, look for an expert provider with the following qualifications:

- » Extensive knowledge of current regulations, including PCI data security standards, Nacha operating rules, CIT/MIT framework, card-specific regulations (e.g., Visa and Mastercard)
- » A firm grasp of security and compliance challenges
- » An in-depth understanding of the way that payment processing integrates into your business and financial ecosystems—billing, revenue and data management, analytics and reporting, cybersecurity, and IT
- » Experienced solution architects who can guide you through the design and build process, helping you build best practices and compliance into a customized gateway to connect your company with payment processors.

## 4 STEPS TO SMOOTHER PAYMENT PROCESSING

An expert service provider will help you navigate four important steps in building a solution that fits your company's unique needs.

### 1 Document

A thorough documentation of your existing payment processing workflow will help the solution designer identify every integration point. This information is the key to simplifying and optimizing your workflow.

Internal systems that need access to a payment processor (e.g., order management, billing) can use these APIs for authorizations and validations, one-time payments or refunds, and batch payments or refunds. The APIs can also be used to accept account updates or to support reconciliation. The result? One compliant platform to turn to for every payment interaction.

### 2 Evaluate

Using the data gathered from the documentation phase, the provider can create a projected profile of your credit card processing business, including the number of transactions per month, average transaction size, card types, and recurring charges.

This approach unifies your transaction infrastructure and creates consistency and high availability across the business.

### 3 Build

Now, the provider should have what they need to define and map your architecture based on your exact needs. Look for an architecture that is loosely coupled, scalable, and fault tolerant. The solution should expose payment processing functionality via well-defined, vendor-agnostic APIs.

### 4 Maintain

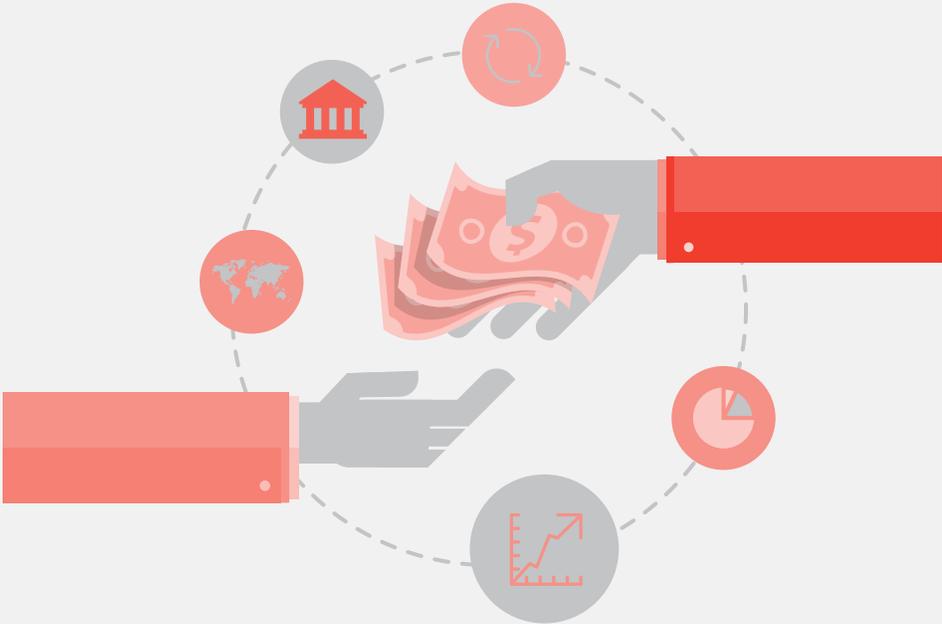
Make sure that the solution you choose supports scaling and easy modification of the architecture, so that you can add payment channels or processors as needed. A scalable payment processing solution enables you to write connectors to new processing vendors whenever you want.

# REAP THE REWARDS

With a consolidated processing platform, you can begin to enjoy streamlined workflows and increased productivity. Your staff will be able to apply the hours saved to more important projects.

In addition, your payment processing platform provides leverage at the negotiating table. Processors know it's easier for you to change providers when you have a non-proprietary solution.

Speak with your service provider about ways to reduce your processing fees and help you negotiate with processors. Work with them to continually adjust and improve the platform as your needs grow and change.





## ABOUT RESPEC

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- » Unifying business processes.
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