The AutoRek Financial Control Hub

All your controls in one system

AUTOREK

Introduction

The dawn of the new decade has brought a number of challenges that caught most of us off-guard. The next budget cycle will undoubtedly focus on the IT estate and determining whether or not it is fit for purpose and the future. Similarly, a renewed focus will be put on gaining operational efficiencies and finding cost reductions.

An old saying in the Credit Union world is what they lack in Economies of Scale they make up for in Economies of Scope, this has been true for some time however they must guard against the breath and customization of services Credit Unions offer undermining their position due to lack of IT investment.

The world of data has changed in the past ten years. Systems have become smarter with the adoption of AI, machine learning and robotics. IT infrastructure has also undergone similar transition from large internal networks to the increasing adoption of cloud services. The two go hand-in-hand, increased data volumes and processing requirements need a flexible platform to operate on.

For many organizations one of the key considerations will always be reconciliations. Often spread across multiple departments or business units using a blend of legacy systems, in-house built platforms and spreadsheets, reconciliations form the bedrock of many financial services companies. Credit Unions face challenges in managing data for the key services they provide their members with, such as savings and checking accounts, mortgages, insurance products, credit cards, payments and ATMs to mention a few. This approach often results in inaccuracies, delays to liquidity management or regulatory reporting and is fraught with operational risk.

Looking ahead, Credit Unions need to be prepared for the upcoming changes to consumer behaviour. As Fintech firms continue to innovate payment, credit and loan capabilities Credit Unions need to keep up with ever changing financial product offerings and how their members adopt to these. Processing members' financial data across multiple tools is inefficient and can lead to errors. Keeping up will mean reviewing the efficiency of outdated legacy systems and replacing them with systems that are designed to support both existing and new processes end-to-end.

The AutoRek Solution

Configure
AutoRek is designed to be used by users without the need for any large scale IT projects.

Control
In a world where firms need operational resilience AutoRek offers senior executives full control.

Cost Reduction
AutoRek is priced to drive rapid ROI.

Cloud Based
AutoRek is available via the cloud.

Complete
AutoRek is a platform that offers transparency, governance and robust audit across all activities.

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Financial Controls

A financial controller relies on the foundation blocks of audit, documentation, evidencing/substantiation, trial balances, segregation of duties and access control to undertake financial management. Underlying these blocks is the need for reconciled, accurate and timely data to allow the right decisions to be made. While many Credit Unions rely on a portfolio of different systems and spreadsheets, the increase in business activity and transactions in recent years requires a more robust and scalable approach. Most of the building blocks are managed in silos thereby creating inefficiencies and risk.

Building A Control Environment

The financial control function manages varying moving parts, including corporate accounting, financial and fiduciary reporting, budget and forecast preparation, and development of internal control policies and procedures. Additionally, finance transformation programmes are looking for ways to reduce the period-end close cycle, ongoing regulatory requirements need to be addressed and an increasing demand for actionable MI is squeezing the financial control function's ability to manage day to day activities. Even in scenarios where financial operations have been outsourced, oversight is hard to achieve for managers, especially in instances where controls are either manual or spread across disparate systems and/or geographic locations. It is also worth remembering while process can be outsourced the risk cannot.

Gaining Control

Given the many competing factors financial control teams need to manage, the challenge is to combat each issue head-on. The key to implementing a standardized and robust framework is to focus on the below key areas.

- **Performing automated reconciliations at the most granular level**
- **Enriching data and, where necessary, the revaluation based on application of fees or interest calculations on a regular basis**
- **Using sophisticated account rules that are capable of applying chart of accounts and posting manual journals or accruals automatically**
- **Automating the account sign off process to include issue resolution and escalation workflows**
- **Production of data rich MI that can be relied on to drive key business decisions**

AutoRek's capabilities encompass all of these functionalities to provide an automated and robust financial control framework.

How AutoRek can help

The AutoRek Financial Control Hub delivers key advantages in centralizing all reconciliations, financial controls and subledger capabilities on a single platform. This is achieved by centralizing the process into a single tool that can accept all data formats (including unstructured data), calculate fees, apply static data where needed and deliver advanced matching capabilities, break resolution workflows and insightful MI.

ATM's

ATM cash management presents a number of key challenges, most of which are highly manual. In AutoRek's experience, these can be summed up in the below 7 points that highlight the human effort associated with ATM cash management.
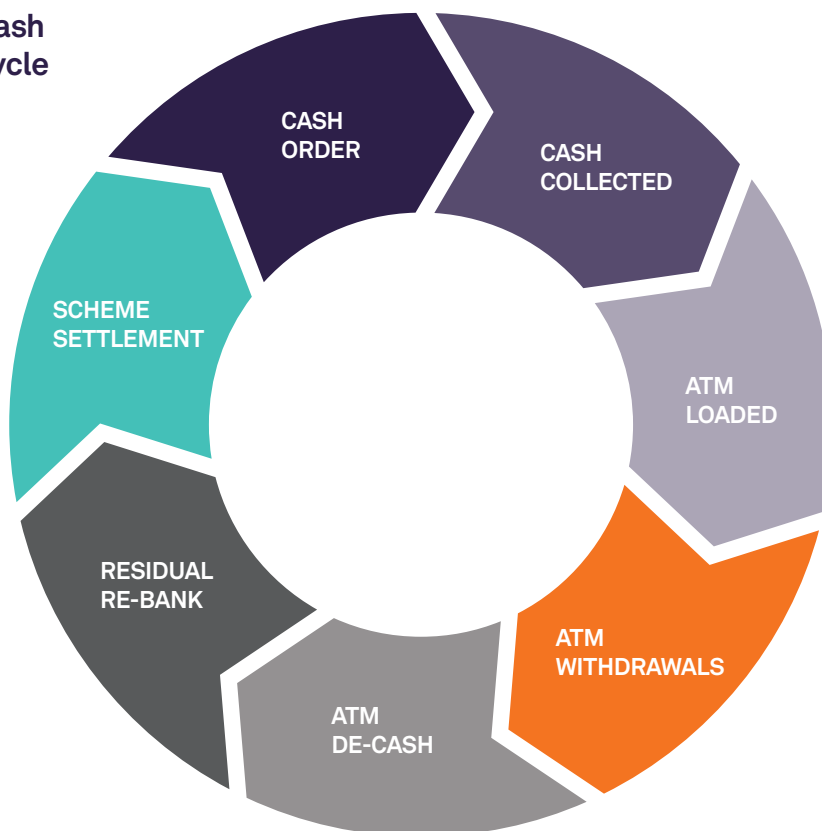
1 **The process is often highly manual and labor intensive**
2 **There is a lot of unstructured data that needs to be worked through**
3 **ATM line item data can be difficult to isolate and process**
4 **Identifying and rectifying discrepancies – determining root causes analysis**
5 **Working through breaks**
6 **Collating the data to create meaningful MI across the ATM estate**
7 **Inaccurate accounting records**

How AutoRek can help

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AutoRek ATM Cash Management Cycle

CASH ORDER
CASH COLLECTED
ATM LOADED
ATM WITHDRAWALS
ATM DE-CASH
RESIDUAL RE-BANK
SCHEME SETTLEMENT

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The AutoRek ATM Cash Management Cycle wprovides the ability to:

- **Work with existing data feeds, validating, amalgamating and consolidating data at each stage of the ATM cash cycle**
- **Drive up automatic match rates for all ATM reconciliations, allowing focus to be redirected to break resolution and exception management**
- **Strengthen controls and governance throughout the ATM cash management cycle; and**
- **Improve the quality of reporting – MI, journals/ adjustments, accounting records**

Client Case Study

AutoRek is used today by one of America's largest ATM machine providers to track the full end to end cash management lifecycle across their network. This is achieved by monitoring the expected versus actual transactional cash movement flows at a granular level by ATM machine. Using interactive dashboards, AutoRek highlights activity and cash levels across the entire ATM network and tracks usage based on card issuer to trigger inter-bank settlement.

Payments

The number of financial transactions has risen significantly in recent years. Some have dubbed this the decade of payments technology. Online commerce and the various types of in-person payments now possible by chip, swipe, tap and payments by cell-phone have added to high volumes experienced by Credit Unions across the United States. While there are newly improved banking systems available to ensure that all micro-payments are captured in real-time, the process of reconciling the transactional data has become an ever greater burden. New payment forms means that the number of data feeds to be onboarded has increased, creating a backlog for IT and the reconciliation team.

The introduction of ISO-20022 to streamline the interbank data exchange of transactions will create efficiencies but requires the right infrastructure and processes to be put in place first.

This is compounded by member expectations for transactions to be simple, easy, fast and cheap. Easier said than done when internal processes rely on outdated systems, home-built databases or spreadsheets.

To succeed organizations must consider processes and technology to maintain compliance with standards and regulations while driving greater processing simplification and improved member engagement.
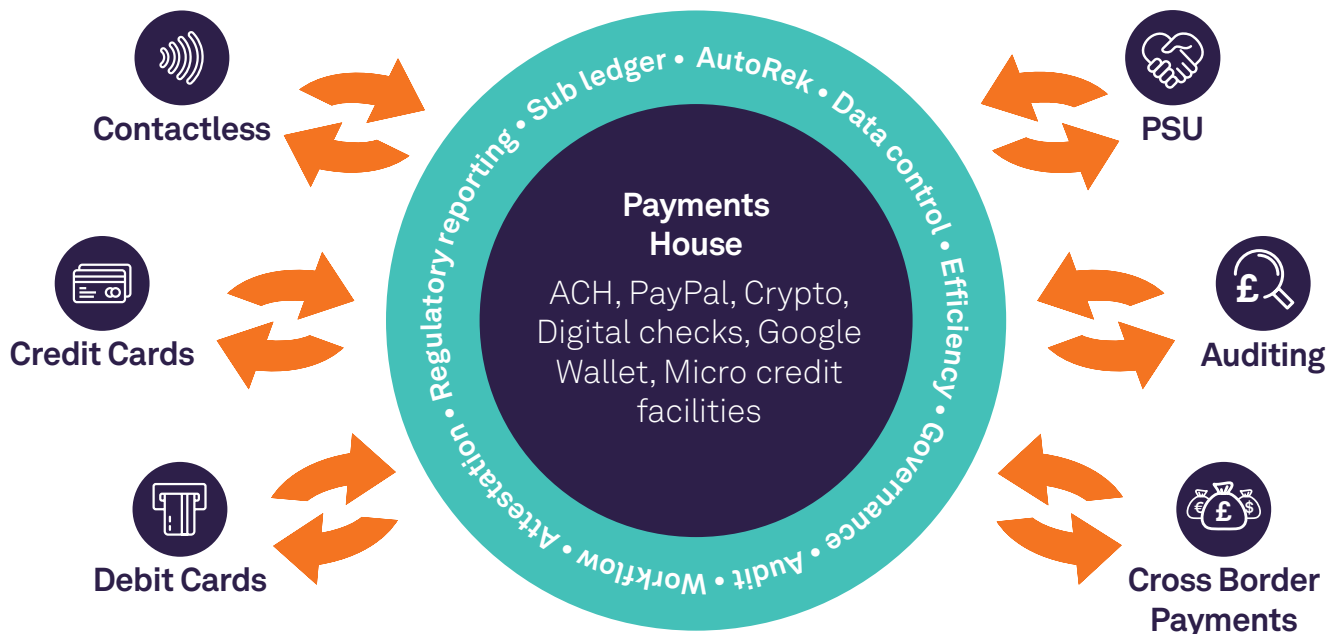
Client Case Study

In 2018, AutoRek teamed up with one of Europe's largest payment aggregators to develop real -time payment processing for an ever increasing number of micro transactions across multiple countries and a complex network of banks, payment services and e-wallets. AutoRek delivers daily control across tens of millions of transactions using intelligent workflows to identify and route issues across the business.

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Payments House — ACH, PayPal, Crypto, Digital checks, Google Wallet, Micro credit facilities

Surrounding ring: Sub ledger • AutoRek • Data control • Efficiency • Governance • Audit • Workflow • Attestation • Regulatory reporting

Connected nodes: Contactless, Credit Cards, Debit Cards, PSU, Auditing, Cross Border Payments

How AutoRek can help

The AutoRek payments solution is used by some of the world's largest payment processors for high volume transaction reconciliations that is delivered in real-time or as close to real-time depending on the availability of the data.

This can be achieved using data connection technologies such as APIs. Full automation of the process increases accuracy, significantly reduces operational risk, removes errors and provides full data lineage with the ultimate aim to eliminate human effort.

Auto Financing

The auto loan value chain comprises of multiple actors which lengthen the reconciliation process if their data is not captured in real time and an outdated process flow will lead to delays in decision making which affects the lenders bottom line. It is a catch-22 situation of high volume processing versus a race to streamline complex processes.
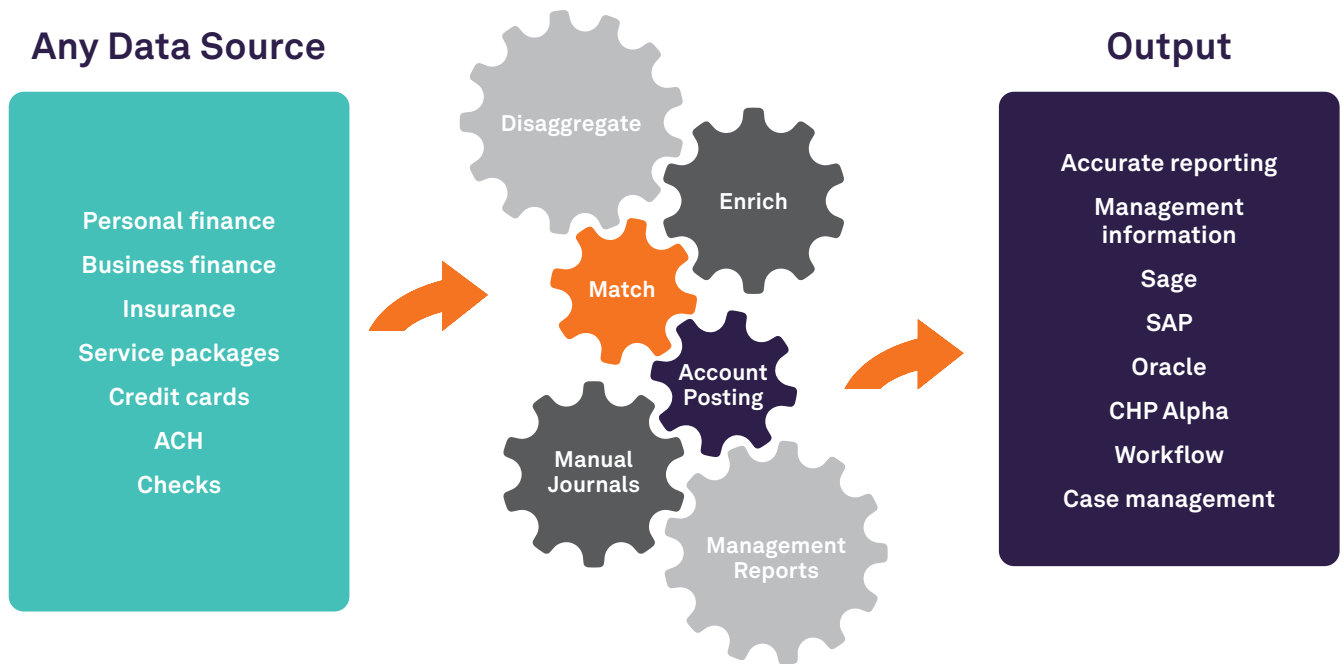
The increase in automobile purchases signals an end to the traditional one vehicle, one payment one, party model. Families increasingly hold multiple vehicles on one member account. A recent case study for a large auto dealership based in Texas found that this increased number of vehicles per household created account reconciliation issues. Using AutoRek's function rich application we were able to use disaggregation techniques to subcategorize vehicles in household accounts thereby delivering improved accuracy in determining delinquencies. Workflows and exception management remove the need for time intensive investigations as intelligent rules identify and escalate issues to the appropriate process owner in real time and track resolution efforts at an individual basis.

Client Case Study

AutoRek assisted a well known automobile manufacturer manage ever increasing data volumes by removing manual processes through automation, enriching their data, ensuring accuracy, integrating AutoRek with their ledger system. The outcome of the project resulted in significantly reduced processing times, match rates of 99.9% and complete financial transparency and control.

AUTOREK

Any Data Source

Personal finance
Business finance
Insurance
Service packages
Credit cards
ACH
Checks

Disaggregate

Enrich

Match

Account Posting

Manual Journals

Management Reports

Output

Accurate reporting
Management information
Sage
SAP
Oracle
CHP Alpha
Workflow
Case management

The diagram outlines the three key areas of processing:

1 **Ability to consume any data from any source in any format**
2 **Processing the data to ensure its validity, accuracy and applying accounting rules**
3 **Ledger posting, issue resolution and delivering real time MI**

✓ Conclusion

Across America's 5,500 Credit Unions financial processes have always relied on the need for calculators, ledgers and reconciliations. Traditionally this was done through a fragmented approach to fixing each of the core business sectors individually with software designed for only one type of process.

Often money was only spent on key issue departments with other business functions relying on spreadsheets. The result is that the consolidation of data at a management level becomes reliant on manual processes from the various systems and spreadsheets submitted via email.

The AutoRek Financial Control Hub centralizes all of these activities and more into one system that easily sits in existing IT infrastructures and connects to data architecture without disrupting operational processes. In addition to the examples highlighted in this paper, the system is designed for:

- **All types of reconciliations**
- **Data consolidation for reporting**
- **Subledger and accounting rules engines**
- **Period end processing**

Find Out More

To arrange a demonstration or a confidential discussion to explore our methodology and credentials, please contact us:

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