



IBM Global Services

Cheque Truncation Systems - An I T Perspective

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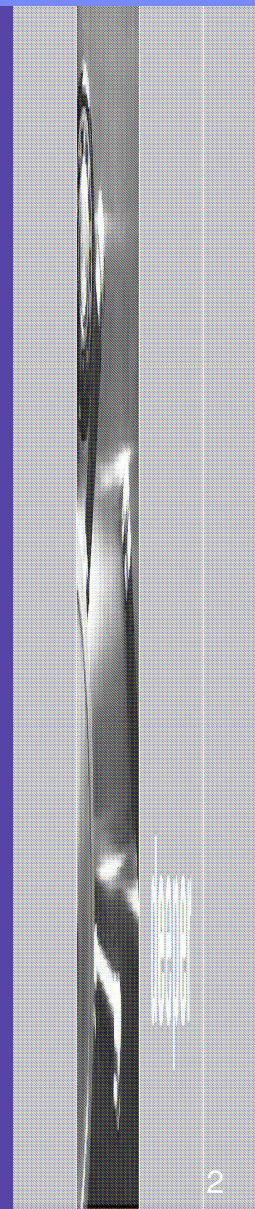
IT'S HERE. IT'S NOW.
IT'S ON.

ON DEMAND BUSINESS

Agenda

Cheque Truncation – IT Perspective

- Capture Perspective
- Image Quality Perspective
- Data Integrity and Non-Repudiation
- Data Storage
- Security
- Synergy with existing IT Demography
- Implementation & Service Levels



Capture Perspective

Queries that Haunt ?

Aspects that Influence

■ Where to initiate capture & processing

■ What technology to use

■ How to capture & process

■ How to integrate with existing systems

■ Is decision making centralized or decentralized

Technology Options Available

- Ranging from single instrument to 2400 instruments per minute can be processed
- Capture can be done in a single pass or multiple passes
- Capture can be online or offline
- Capture can be centralized or remote
- Capture and processing can be used in truncated environment and also in a pre-truncation environment

Customer

Structure

Image Quality Perspective – ANSI X9.37 Standards

Image Quality Analysis standards are a part of Type 54 fields and names specific to the standards for Electronic Exchange of Information (E13B).

Available Technology Solutions

1. Earlier proprietary scanner based solutions
2. Now available in the form of software based solutions as well
3. FSTC has concluded a 2 phase project to develop image quality standards
 - Silverbullet
 - A2IA
 - ImageCPCS iQA
 - various other software and hardware solutions exist ... that are standards compliant.
4. This provides device independence and also, provides cost effective solutions

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E13B

front

Streak detection

Ability to check for

matching

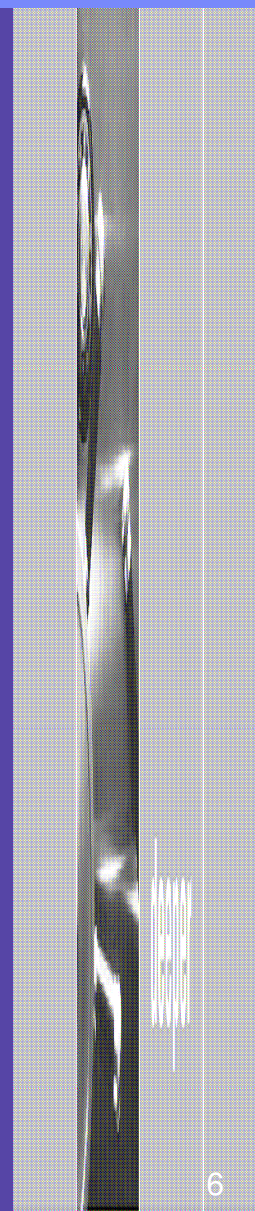
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Data Integrity and non-repudiation

- Data integrity & non-repudiation
 - ▶ Ability to reconcile settlement data on instrument basis is essential
 - ▶ Ability to differentiate between re-presentment versus duplicate presentment of instrument
 - ▶ Ability to interact with core banking systems without a compromise on the integrity of core banking systems
 - ▶ Ability to create private / essential data abstraction and prevention of malicious / unauthorized access
 - ▶ Inward settlement at a block / batch or instrument level
 - ▶ Each of instrument clearing is a financial transaction and a detailed audit trail of actions and events need to be maintained

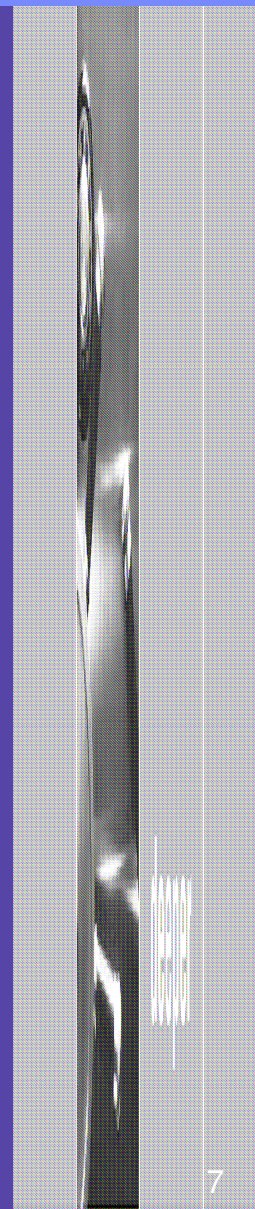
Data Storage

- Image based settlement throws open the opportunity to a lot of storage system sales 😊
- Optimization of storage is essential need to build archival capability – to access online, near online and offline data elements
- High availability of storage such as RAID 1 to 5 will prove necessary
- Methods of storing and retrieving data from offline media such as cartridge libraries, optical storage elements, etc. are required to be employed.



Security

- Risk identification and Risk mitigation in processing is essential
- Business risk management that is policy based is essential
- Protection of data is essential
 - ▶ Un-authorized access
 - ▶ Malicious Access
 - ▶ Virus Attacks
- Encryption of data over the network
- Ability to detect tampering and fraud is essential
- Reconciliation of instrument settlement data should be immediate at an instrument level

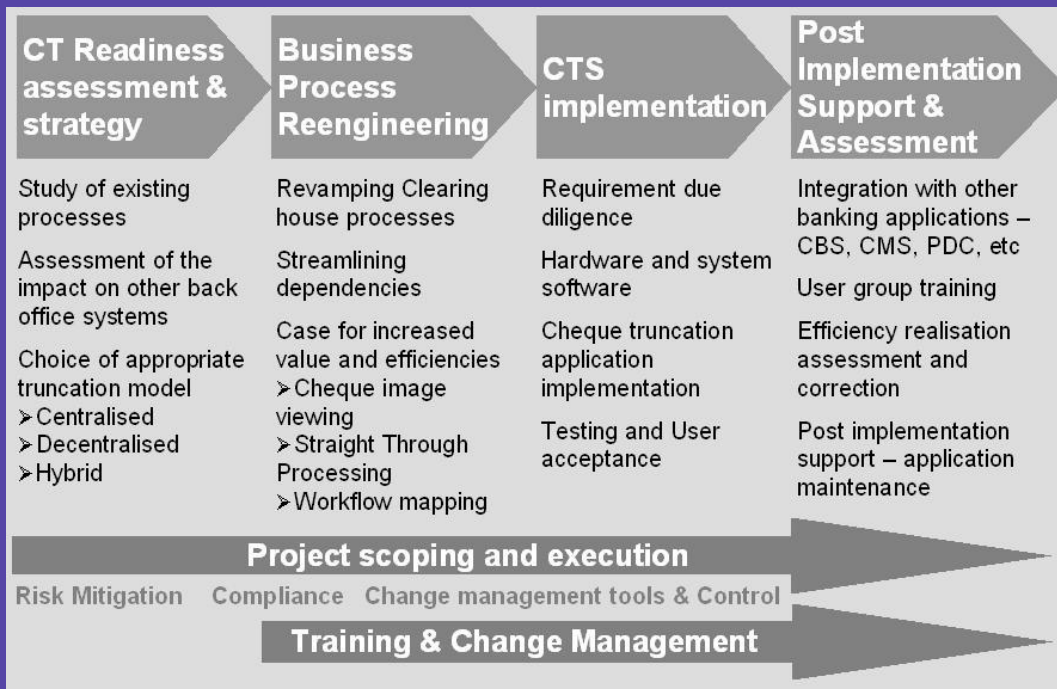


Synergy to interact with existing IT Demography

- Minimize risk to interface with core banking systems
- Ensure changes to core banking interface is more of plug and play
- Capability to provide seamless integration with core banking and allied applications in an online or offline model is essential
 - ▶ Various forms of web services provide easy integration and minimize the risk of operation and integration
 - ▶ Online or offline mode of integration is based on the infrastructure availability and location of hosting core banking systems
 - ▶ Business application to application messaging is another method of establishing integration – with open standards such as XML
- Provision to provide lock box processing with b2b integration

Implementation and Service Levels

- Need for a clear process and established methodology is essential
- Ability to scale up to a volcanic eruption of implementations across all banks in the country is paramount
- Demonstration of ability to maintain service levels post implementation is also very important
- Project Management is key



Implementation of Cheque Truncation is not just a Vendor – Buyer Relationship and more of a Partnership !!!

An aerial, high-angle photograph of a city street, showing a grid pattern of buildings and streets. The image is tinted with a teal or blue color. The text 'IT'S HERE. IT'S NOW. IT'S ON.' is overlaid in white, bold, sans-serif font in the upper right quadrant of the image.

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