

Unisys Payment Archiving

Operational efficiency through payment consolidation

February 2003

Executive Summary

The banking and financial services industry has been watching with great interest the recent Check Clearing Act for the 21st Century legislation aimed at the removal, or truncation, of paper checks from clearing, processing, and settlement activities. Many agree that such an initiative could help drive significant cost savings and efficiencies, as there are an estimated 52 billion paper checks/payments that are physically moved throughout the world's banking system annually. What's more, in addition to improving back-office operations, progressive commercial banks view check truncation, electronic presentment, and check imaging as parts of a larger business strategy linked to automation. These banks believe that by leveraging automation, check images, and other customer information they can substantially improve levels of customer service.

At the same time, banks and financial institutions have been drafted in the war on terrorism to help disrupt terrorist financing and money laundering. To achieve this, IT professionals must examine their current payment processing and archive systems with an eye to consolidating separate islands of automation. An ideal approach to consolidation is based on EMC Automated Networked Storage™, featuring the new Centera™ archiving system combined with Unisys Payment Information Archive (PIA) software. Together, the two companies deliver high-performance, end-to-end solutions for payment processing and archiving that can drive efficiency into the system, while reducing costs and satisfying regulatory demands.

Business Challenges/Requirements

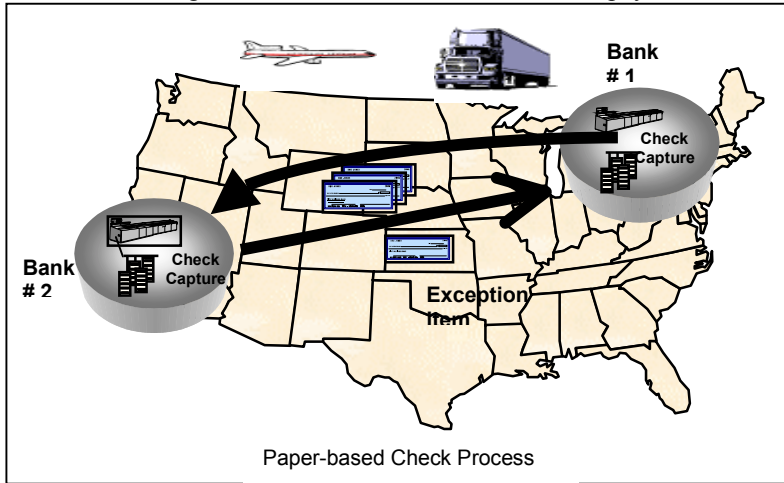
The payment business is changing with the move from paper-based to electronic payments. The digital image capture of checks and the exchange of electronic images will help streamline the handling of checks, reduce processing costs, and minimize the effect of unexpected disruptions to air and ground transportation systems. Moreover, reducing the dependence on the physical presentment of original items will provide information about transactions to consumers more rapidly, make funds available sooner, and help combat fraud through real-time database updates. Improving the check-clearing process may also allow banks to develop consolidated payment applications and add new and more flexible electronic banking services.

It makes sense for payment-system business and IT managers — as well as corporate IT managers — to use this opportunity to reform the stove-piped payment application infrastructures that have naturally grown over the decades in lock step with traditional modes of operation. EMC and Unisys can provide this much-needed consolidation with direct benefits to areas including:

- Electronic check image exchange
- Cash management
- Exception handling
- Fraud detection
- Reconciliation
- Research and adjustments (R&A)
- Returns processing
- Secure transport of payment files
- Signature verification

Banks are challenged by exchanging 52 billion paper checks each year. Not only is this paper shuffle costly and inefficient, the banks are also required to keep a copy of the check for seven years. Today, most keep the copies on microfilm, tape, or optical systems.

Another challenge for banks is in the area of electronic payments. As checks decrease in use, banks need to convert these transactions to electronic forms of debit, credit, and Electronic Bill Presentment and Payment (EBPP) payments. The source and detail information from these transactions is generated outside the banks and not integrated into the banking systems.



Along with the challenges previously cited, banks are faced with the specter of fraud, estimated to cost banks over \$20 billion per year. There have been improvements in information-based fraud detection systems but the criminals are getting smarter.

Framing a Solution

In light of the challenges previously described, banks face a business process re-engineering that can consolidate activities associated with check imaging, electronic payments, and fraud prevention. EMC and Unisys are ready today to deliver the robust, integrated solution that banks require.

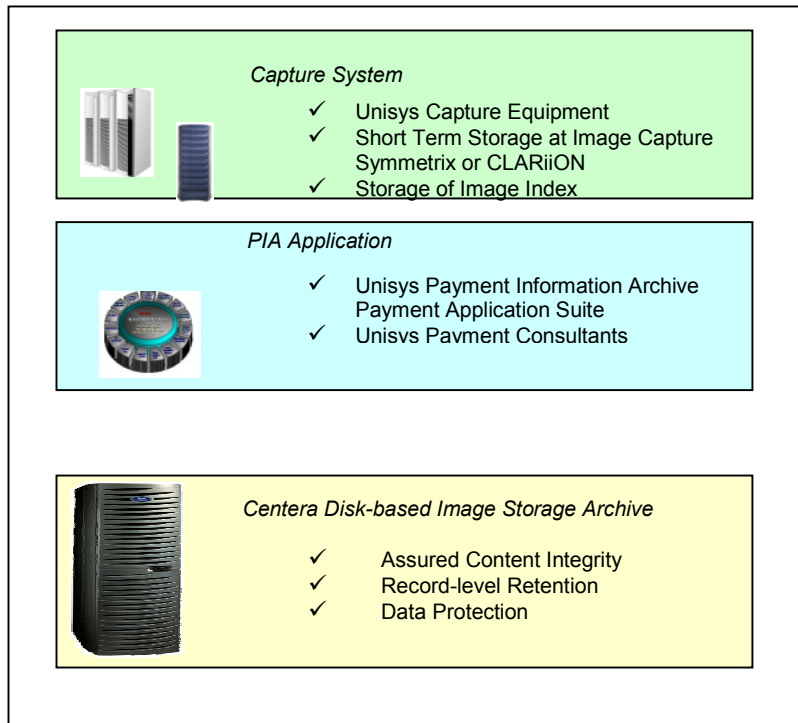
Unisys Payment Information Archive (PIA) Applications

Designed to streamline item-processing operations, PIA consists of a suite of core image applications including:

- Image capture
- Branch item capture
- Distributed capture
- Check image exchange
- Signature verification
- Research
- Recognition
- Image statements
- Electronic statements
- Electronic delivery
- CD delivery
- Online research
- Document imaging
- COLD

Retail Internet Delivery

- Online archive all items



EMC Value

An EMC Networked Storage infrastructure combined with Unisys services, PIA software, and check-capture equipment can be quickly expanded to handle the extra workload of payment-processing applications. Today, a paper check is sent through a check sorter eight to ten times to sort for return to a customer. Contrast that with the EMC and

Customer Example

“The cost of our growth forced us to find new operational efficiencies. When we modeled all of our costs, we found that our check image archiving solution was not only going to help us meet our regulatory needs, but contribute to our operational and customer service improvements that make us a more competitive bank.”

“We have requests daily to retrieve check images from seven years ago, meaning that we still employ people to search our optical tape backups. This is a clunky and inefficient process...and can take a long time to find what you need.”

“EMC is much more than a vendor, it is more of an enterprise storage solution partner to our check image archiving initiative. Their proven ability to execute and ability to provide performance metrics is unmatched.”

Medium-size U.S. banking and financial services company

Unisys solution that — with only a single pass — creates a digitized check image that becomes the “legal document” from capture through the seven year archiving period. This ten-to-one operational efficiency is the value of the automation.

Symmetrix

EMC Symmetrix® storage systems provide the storage foundation for the largest Unisys Payment Information Archive deployments. With Symmetrix systems, you can more easily and quickly access and gain business value from your critical data. Symmetrix provides a consistent IT environment that won't be disrupted by architectural and technological obsolescence, thereby increasing productivity.

CLARiiON

For small- to mid-range PIA implementations, the newest generation of CLARiiON® full Fibre Channel systems is ideal. With their SAN, cluster, or direct attached adaptability, powerful state-of-the-art technology, and the industry's most user-friendly and comprehensive suite of management tools, CLARiiON systems provide the rock-solid foundation for an advanced, best-of-breed networked storage environment for the check index and short-term image storage.

Centera Archiving

The EMC Centera content addressed storage (CAS) solution is a new, networked storage system specifically designed to store and deliver fast, easy access to fixed content (information in its final form). It is the first solution to offer online availability with long-term retention and assured integrity for this fastest-growing category of information. The Centera

solution delivers an enterprise-wide archive for all captured payment images. As the archive component of the Unisys PIA solution, Centera systems give banks and financial institutions a sharable, scalable archive with online accessibility — all at a total cost of ownership lower than tape or optical storage.

Solution Benefits

- Reduced payment processing costs through enterprise-wide, all items solution
- Increased access and movement of information to/from core banking applications
- Improved risk management and fraud reduction
- Regulatory compliance of seven-year archive
- Improved customer service through online image archive on Centera
- New sources of revenue in movement to electronic products

How It Works

The EMC Unisys Payment Information Archive (PIA) Solution is a complete, end-to-end image-based item processing and payment solution. Based on advanced imaging and recognition technologies, PIA automates and streamlines the entire processing cycle for checks, debit, SWIFT, ACH and other payments.

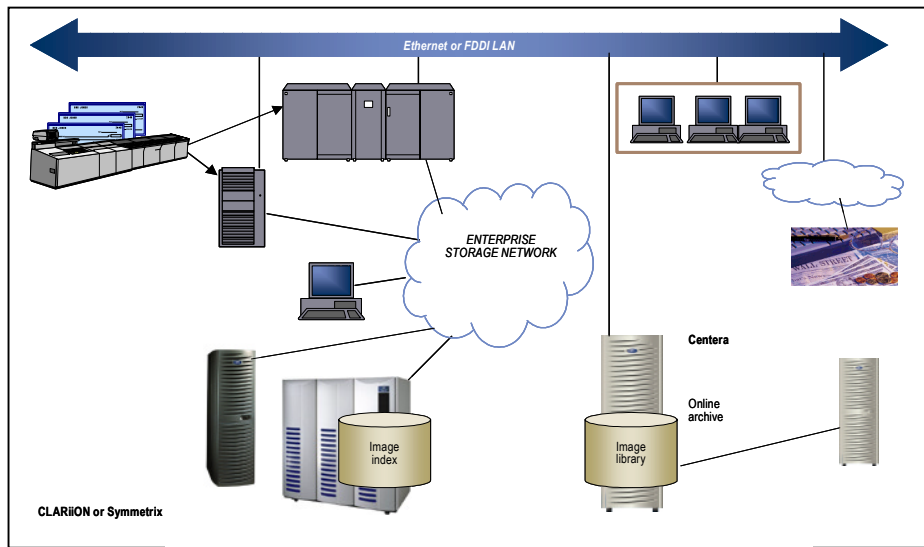


Image-Based Check Processing and Archiving Solution

PIA is a scalable, client/server solution based on the Microsoft Windows 2000 operating system and SQL relational database management system. Combining this application with EMC Centera creates a long-term, online payment information archive that meets regulatory requirements.

PIA consists of several core item-processing applications that capture images, power encode, archive, retrieve, and deliver the data over a WAN, LAN, or the Internet. It also offers complementary applications such as Courtesy Amount Recognition (CAR) and Legal Amount Recognition (LAR), printed image statements, e-mailed eStatements, branch item capture, and Internet delivery.

Partnering with Unisys

Unisys brings world-class experience to the financial services industry with a massive installed base running proven solutions using EMC's full product line. Unisys is the manufacturer and provider of over 40 percent of the industry's check processing technology.

As partners, EMC and Unisys are dedicated to providing payment solutions that deliver continuous information availability. EMC and Unisys have jointly developed and tested the Unisys Payment Information Archive (PIA) solution to meet the most demanding customer requirements.

Unisys is a member of the EMC Developers Program.

The change from a conventional, back-office, proof environment to a total imaging solution is a monumental leap forward in technology and skills. That's why banks and financial institutions should rely on EMC and Unisys to provide a smooth transition to both the check imaging environment and the electronic transaction.

Getting Started

EMC and its valued payment solution partner, Unisys, offer you best practices methodologies to move your payment initiatives forward. For more information on EMC Automated Networked Storage solutions for Payment Processing and Archiving, please visit www.emc.com/financial services or contact your local EMC representative.

Regulatory compliance and increased efficiency through consolidation.

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Published in the USA. 02/03

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