



**INFOSHARE2017**  
**IMAGINING**  
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## **Balance Sheet Reconciliations**

Does it Keep You Up at Night, and Should It?

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# Welcome and introductions



**Richard Chapman**

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# Visit the Solutions Expo to learn more

## MEET WITH THE FIS RECONCILIATION TEAM ON A ONE-TO-ONE BASIS



- Find out more about how FIS' Core Banking Reconciliation solution can help your day-to-day operations
- Learn about reconciliation, balancing, and financial close best practices
- Explore how you can leverage FIS' Reconciliation solution for all your reconciliation needs
- Schedule your own personal detailed solution demonstration

MAKE USE  
OF OUR SOLUTION  
EXPERTS AT:  
**BOOTH 504A!**

# What is reconciliation?

Three main drivers behind reconciliation processes



1. Data integrity / system validation



- **General ledger (integrated / Peoplesoft / 3<sup>rd</sup> party)**
- **Core banking (IBS / Profile / Systematics / 3<sup>rd</sup> party)**



2. Accuracy of transactional activity



- **Payment messages (including SWIFT)**
- **Confirmation messaging (including SWIFT)**
- **Transaction lists (payment schemes including Visa, AMEX etc.)**



3. Reporting and regulatory compliance



- **BCBS248 (Intraday liquidity monitoring)**
- **Sarbanes Oxley (control and audit points)**
- **Financial reporting (accuracy and completeness)**

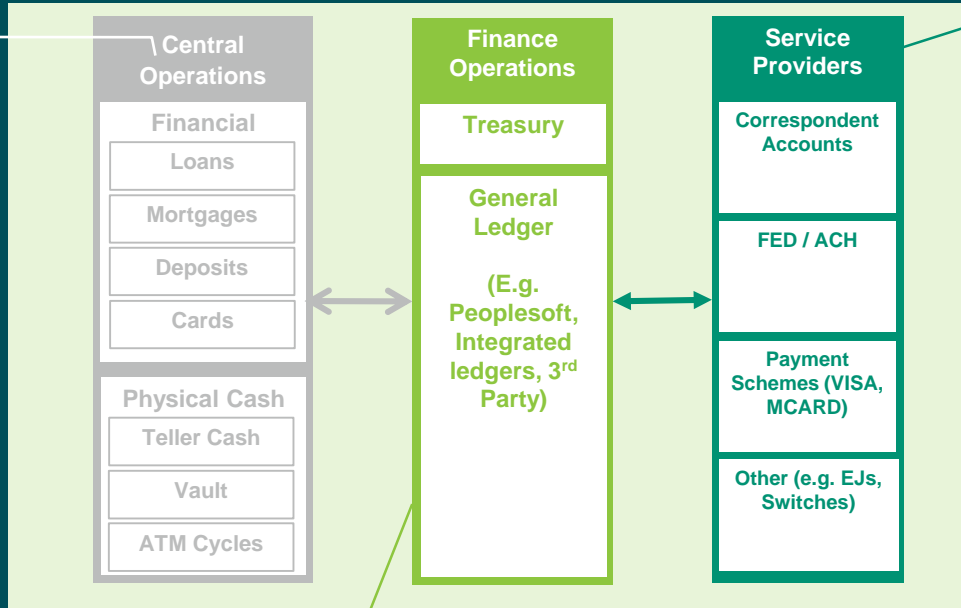
# What is reconciliation?

The core banking reconciliation landscape

## TYPICAL RECONCILIATION ECOSYSTEM

### Internal System Integrity

- Core banking specialist component to general ledger reconciliations
- Branch and teller management reconciliations
- ATM replenishment reconciliations



### External Validation / Regulatory Compliance

- Daily FED / ACH account reconciliation
- Daily correspondent account reconciliation
- Daily payment scheme reconciliation (Visa, MasterCard, AMEX)
- SWIFT messages

### Regulatory Compliance

- Monthly GL Recons

### Suspense / Clearing Recons

- Suspense / Clearing Recons

# Reconciliation challenges

Automation isn't as simple as it sounds ...

## 1. Data capture

- Data from multiple internal systems
- External data from multiple parties
- Inconsistent format (XML, CSV, SWIFT)



Manual data massaging

## 2. Data quality

- Lack of common references and unique identifiers
- Data reported at summary not transactional level



Low levels of automation

## 3. Rules complexity

- Variable tolerances
- Rules often require data aggregation
- Multi-way matching between 3 or more sources



Low levels of auto-matching

## 4. Exception mgmt

- Excel or manual documentation is inconsistent and not transparent
- Slow processes cause write-offs / penalties



Manual investigation

## 5. Audit and control

- Activity should be controlled and logged
- Audit trails of activity should be captured
- Paper based approach common



Poor control & transparency

Introduces

Typical processes



# Month-end general ledger reconciliation process



General Ledger  
Account Inventory



Data capture ⇒ Matching ⇒ Substantiation ⇒ Attestation

- Cannot track progress of the financial close process
- Limited to no audit and control
- High cost resources performing low value tasks

Month-end  
financial  
reporting

Multiple accounts + Manual process = Expensive completion + No transparency

A city skyline at night, featuring several tall skyscrapers with illuminated windows. The image is overlaid with a dark teal geometric pattern of triangles and a bright green geometric pattern on the right side. The text is centered in the upper half of the image.

**“[compared to other  
functions] reconciliation  
has the highest number  
of FTEs”**

CEB TowerGroup: Boosting Reconciliation Technology ROI Webinar



# FIS can help: FIS' Core Banking Reconciliation

How does it work?



1 Format Library



2 Best Practices



3 Packaging

# FIS can help: FIS' Core Banking Reconciliation

How does it work?

1 Format  
Library



CAPTURES THE DATA

Leverage existing data feeds  
from core systems

Captures complete general  
ledger account inventory

Maps data from subsystems and  
3<sup>rd</sup> parties

## In order to:

- Reduce the time taken to configure the service for each customer
- Provide “cross pollination” by leveraging common data feeds such as FIRD
- Define a “standard” for the data exports and enable updates across clients

# FIS can help: FIS' Core Banking Reconciliation

How does it work?



1 Format Library



2 Best Practices



3 Packaging

# FIS can help: FIS' Core Banking Reconciliation

How does it work?

2 Best Practices



CREATES RULES AND PROCESSES

Defines the required rules for matching and proofing accounts

Creates standard reports and user experiences to simplify daily tasks

Results in a “reconciliation template”

**In order to:**

- Create a series of repeatable processes for common reconciliation types
- Ensure minimal manual effort in the completion of the reconciliation processes

# FIS can help: FIS' Core Banking Reconciliation

How does it work?



1 Format Library



2 Best Practices



3 Packaging



# FIS can help: FIS' Core Banking Reconciliation

How does it work?

## 3 Packaging



EASY TO SETUP AND MANAGE

Automatically builds the necessary configuration, rules and scheduling for each reconciliation profile

Enables simple administration for new accounts or new reconciliation requirements

### In order to:

- Simplify the deployment of reconciliations of all types and for all core systems
- Produce repeatable and reusable reconciliation templates

# FIS can help: FIS' Core Banking Reconciliation

How does it work?



1 Format Library



2 Best Practices



3 Packaging

# FIS can help: FIS' Core Banking Reconciliation

How does it work?



Select the appropriate reconciliation "best practice" template for the accounts from your general ledger



Select the data source from the format library, or generic templates if no specific one exists



Deploy the reconciliation and the configuration will automatically build and apply for this account

| Template              | Reconciliation Name    | Source 1 | Source 2 | Deploy Y/N | Completed | Status       |
|-----------------------|------------------------|----------|----------|------------|-----------|--------------|
| Clearing and Suspense | 11333                  | IBS GL   | N/A      | Yes        | Yes       | Rec Deployed |
| Clearing and Suspense | 12141                  | IBS GL   | N/A      | Yes        | Yes       | Rec Deployed |
| Clearing and Suspense | 14250                  | IBS GL   | N/A      | Yes        | Yes       | Rec Deployed |
| Clearing and Suspense | 14725                  | IBS GL   | N/A      | Yes        | Yes       | Rec Deployed |
| Clearing and Suspense | 18879                  | IBS GL   | N/A      | Yes        | Yes       | Rec Deployed |
| Clearing and Suspense | 18955                  | IBS GL   | N/A      | Yes        | Yes       | Rec Deployed |
| Correspondent         | 18968 - BONY           | IBS GL   | BONY     | Yes        | Yes       | Rec Deployed |
| FED                   | 19031 - FED Settlement | IBS GL   | FED      | Yes        | Yes       | Rec Deployed |
| Excluded              | 19034                  | IBS GL   | N/A      | No         | No        |              |
| Excluded              | 19051                  | IBS GL   | N/A      | No         | No        |              |

# FIS' reconciliation solution: a short demonstration

# FIS can help: FIS' Core Banking Reconciliation

A review of the available service options

## FIS can provide a complete end to end reconciliation service:

- Capture of data sources and automated import and aggregation
- Automated matching for identification of exceptions / breaking items
- Automated account proofing, submission and approvals
- Full web access and simple deployment
- Management of exceptions and posting of resolution to core banking solutions
- Complete end to end exception management, tracking and reporting

FIS Reconciliation: Service options

FIS

### FIS Reconciliation: Business Process Outsourcing Services (BPO)

#### Introduction

FIS can provide additional business process services that eliminate the need for your staff to perform the time-consuming and resource-intensive tasks associated with the actual completion of reconciliation processes after IntelliMatch has completed automated processing. With a fully-staffed team of reconciliation experts, FIS Reconciliation BPO services will apply proven best practice processes, with strong operational governance, to execute the activities required to deliver a complete reconciliation package to your business lines; requiring only review and signoff for compliance purposes.

By applying standard methodology and common tools to these manual activities, our team can provide scalability, reduced operational risk, and both a predictable and guaranteed cost reduction.

#### Key deliverables

The BPO services include:

- Manual matching and review of proposed system matches
- Management of unmatched and exceptional items through to determination of resolution
- Resolution of exceptions through entry posting or external party notification
- Complete control and transparency across the entire process through audit and management reporting and agreed control and interaction points
- Labor flexibility with domestic-only, offshore, or blended models can help further manage costs
- Multiple FIS work sites allow for improved business continuity options



# Moving to a centralized reconciliation model

Typical statistics in support of sophisticated reconciliation automation



Reduction in total cost  
from Excel based  
reconciliation  
processes



Reduction in total cost  
for partially automated  
reconciliation  
processes



Months is the typical  
average return on  
investment

The background features a city skyline at night, with several skyscrapers illuminated. The image is overlaid with a complex geometric pattern of overlapping triangles in various shades of teal and green. The text is positioned in the upper left quadrant of the image.

# INFOSHARE2017 IMAGINING POSSIBILITIES

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