IMAGE INFOSYSTEMS

CORE NATIONAL CTS

A Concept

Banks today are going out of the way to get closer to the customer and align their product & service offerings to best match the customer needs. This change is a result of multiple factors like increased regulatory pressure, increased customer expectations and growing trust deficit in the bank-customer relationship.

THIS PAPER HIGHLIGHTS ONE OF SUCH APPROACHES IN THE CHEQUE CLEARING DOMAIN THAT SEEKS TO DELVE INTO CUSTOMER CENTRIC CULTURE.

CORE NATIONAL CTS : "End to End Clearing and Settlement System"

Core National CTS is envisaged to be a centrally deployed web based clearing and settlement application with point of truncation being each individual bank branch. Entities involved shall be –

i) **Central Clearing House Corporation** – acting as a regulator of the entire system, running the settlements on hourly basis / EoD basis / expiry hours basis, monitoring and managing the payment systems nationwide

ii) **Individual Bank Branches** - acting as truncation point for transaction lodgment and processor for transaction clearing

"The goal of Core National CTS System shall be to ensure faster funds to the customer, reduced quantum of floating funds, reduced systemic risks thereby bringing efficiency in payment system landscape of a nation."

Being all the bank branches centrally connected with the Central Clearing House Corporation via network and accessing a common web application –

i) **Outward Presentments** – with hardware devices like certified cheque scanners, USB tokens and smart card readers etc and standardized cheques carrying security features like UV - individual bank branches can truncate the instruments and present the same in real – time mode

ii) **Shadow Settlement** – Central clearing house corporation shall run the settlement and debit the shadow balance to the presenting bank and credit the same to the payee bank

iii) **Inward Presentments** – individual bank branches can download their respective inwards, process the same and revert with an uploaded response within the expiry hour limits

iv) **Actual Settlement** – Basis transaction approvals and return response from the payee bank / expiry hour limits, the actual float of funds is executed. Such settlement is run individually for each bank on hourly basis and at the end of the day for all the banks
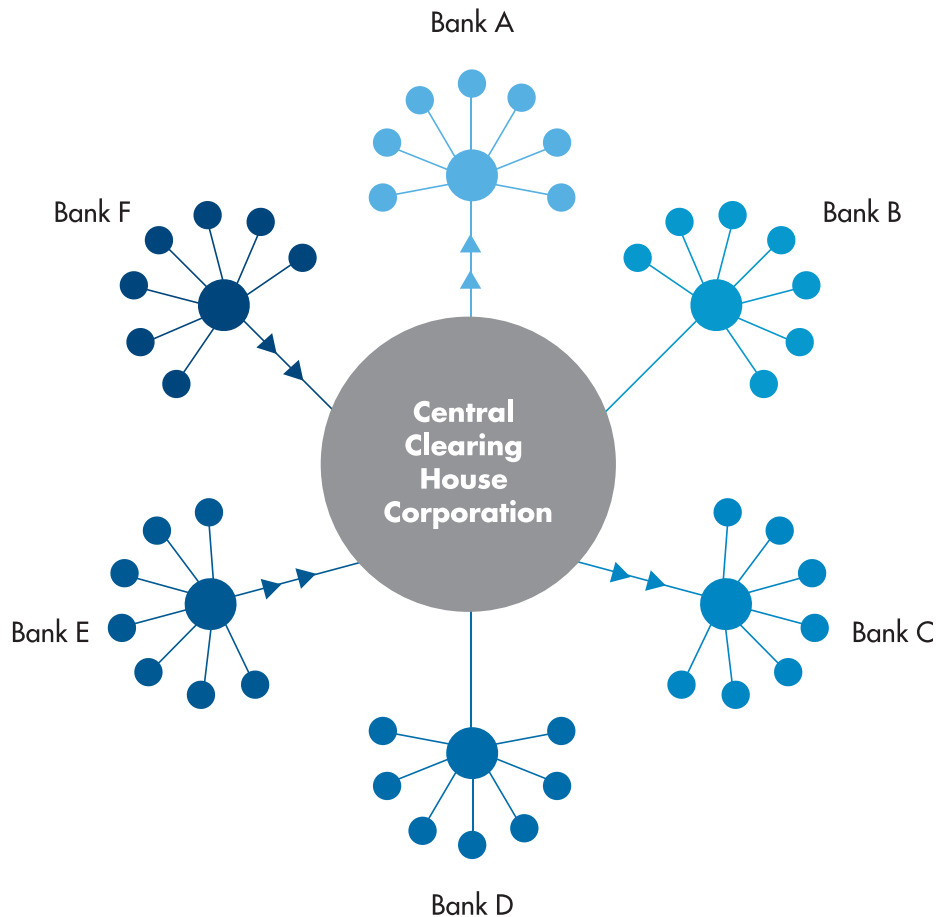
Settlement Dynamics:

Rolling Settlement – Settlement in sessions on an hourly basis / expiry based transaction closures - for each individual bank shall be done ensuring fast - real time processing of individual bank volumes in smaller quantums there by reducing float requirements for each individual bank.

Gross Settlement – Net settlement for all the banks at the end of the day i.e. settlement of settlements processed throughout the day.

"The key objective for settlement under Core National CTS System shall be to ensure transaction settlement on T+0 basis or T+Expiry basis."

Benefits:
1. Shared CAPEX for application and database deployment. Additionally - connectivity between individual bank branches and central clearing house corporation along with certified low end cheque scanners at each truncation point
2. Improved customer service as funds are clearing much faster
3. Reduced manpower requirements by the individual banks since disseminated volumes are handled in real time
4. Reduced float requirements
5. Straight through processing
6. Efficiency in payment systems landscape

expressClear

Offered Solution

The global economy depends on a highly sophisticated banking system to make payments and settle transactions.

A modern, efficient and reliable payments infrastructure is now an essential requirement for any country looking to promote growing financial markets and improve execution of monetary policy. A country must be capable of clearing and settling a wide range of transactions according to international standards if it is to be successful in attracting foreign investments.

ExpressClear is specifically designed to meet and exceed the standards required by today's Central Banks for real time transaction processing. The solution handles very high volumes of large-value domestic payments efficiently and reliably.

The solution is based on modern web technology, using Java Enterprise architecture with Ajax - a Rich Internet Application framework - that provides a responsive front-end with robust back-end business logic - wired together to efficiently process events emanating out of transactions being processed in the system. The open architecture and the open standards simplify integration with other financial systems. Since the system is Java based, it can run on a wide choice of hardware, operating systems and databases. The software architecture allows for hardware platform independence that benefits the overall solution from a cost and reliability perspective.

ExpressClear - a transaction processing platform for a multi-location, multi-branch banking / financial institution. It enables process automation to paper based instruments (Cheques, Drafts, Claims, Forms etc.) to create a faster payment processing system by reducing processing time and improving operational efficiency.

FOR THE END CUSTOMER IT MEANS FASTER FUNDS.

It truncates the physical instrument / form at the branch of deposit/ point of first deposit/ customer end/ vendor location, captures instrument image and data, seamlessly integrates with accounting systems/ cash management systems etc, moves it through an automated workflow, presents to the "ideal" clearing and settlement enabler / settles the transaction, and delivers faster funds to customers.

It is a scalable, robust, secure, efficient, modular, reliable, easy to use, automated, parameterized, and functionally rich enterprise payment presentment and settlement software suite.