

Strategic alliance to outsource Payments product management yields \$1.2 million in annualized benefits

Client

A top 100 bank with approximately \$1.35 billion in deposits.

Business Problem

Lack of internal resources and limited expertise inhibit the client's ability to manage payments/collections effectively and keep pace with rapid changes in the payments environment.

Financial Incentive

To obtain additional revenue and reduce expenses from payments/collections and float management.

Selection Process

The client chose to outsource payments management to obtain immediate access to needed systems and a full range of staff expertise without costly investment in the development of an internal infrastructure to support Payments management. The AFS Payments Product Management Program, available on an application service provider (ASP) basis, was selected because of its ability to shorten the client's time to market, manage ongoing change, and demonstrate improvement in profitability.

Resulting Benefit

Mandate ...

To quickly implement a contemporary and competitive payments strategy that would pay for itself through new revenue and operational efficiencies and enable the organization to respond proactively to ongoing changes in the payments environment.

AFS Bank—Cumulative Benefit from Payments Product Manager Program ASP Model



From Contract to Delivery

AFS implemented recommendations within 3 months of Program commencement. Now in its fourth year, the partnership continues to provide new benefits and re-evaluate the changing payments environment to maximize earnings assets (accounting and processing elements), enhance treasury management revenue (pricing, billing, collection and profitability) and minimize operational risk.

... Achieved

- ◆ Over \$1.2 million in annualized fee and float benefits have been realized
- ◆ Expense reductions related to reduced fees, float reduction, return items, and transportation total \$450,000 annually
- ◆ AFS is currently working with the client to plan for the transition from paper to electronics (Check 21), institute FRB and other regulatory changes, and address bank performance issues