Innovation: Bank Centric Payments

By Richard McShirley

The idea of banks being at the center of payments may sound intuitive and even obvious. Yet in reality, most banks have not taken advantage of the critical role they should play in the payments process.

"This role has become more important with the proliferation of technology that allows banks to play a meaningful and active role in payments, and avoid being crowded out by the likes of PayPal, Stripe and Square" says Paul Schaus, president and CEO of CCG Catalyst. "In fact, banks should re-evaluate their position in payments given its strategic importance and revenue potential."

Innovation has always been a critical element for the success and long-term survival of any business regardless of age, industry

years. His concern is that banks have failed to aggressively promote their own payment methods to their customers — both business and consumer.

According to Fleming, "This is nothing new. Most banks waited for their business customers to ask about ACH origination rather than proactively offering it to those who clearly would benefit. From within the bank, it is often difficult to comprehend the pressure that third parties are bringing on consumers to use other payment methods. Banks must be intentional about providing and promoting effective payment solutions."

Banks are continually judged on how they keep up with the ever-escalating needs/demands of consumers, their commercial clients and the payment solution resellers that interact with their business banking platforms. The

third-party payments platform) to upgrade its existing payments process, it might find that all its diligence and hard work have not provided workable solutions for its customers. The reason? Not all banks have the resources to develop, integrate or deploy complex solutions in a way that will meet their customers' needs and requirements as well as demand; plus, not all payments processors have up-to-date and productive technology. The Bank Centric Payments, from linked2pay, is an example of a solution to "project complexity" by allowing banks to securely innovate without taking on a developmental project. (See sidebar.)

"The value of data integrated to a live registration, underwriting and onboarding process is a prime example of how solution providers can bring improved efficiency and KYC elements to financial institutions while enhancing the service delivery for their merchants and reselling partners," says Bradley Blacker, director of alliance partners and integration at LexisNexis Risk Solutions.

With the option to "white label" a solution-rich SAS payments platform, banks can set up their system so that the entire user experience carries their own branding. In addition, banks may also choose a custom URL that creates a white-labeled version of their system by following a few simple steps that take only minutes.

"We branded our Bank Centric Payments platform as AvidiaPay, and we are now seeing a highly favorable

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Community bank consultants like Trent Fleming have observed product and services trends and the related adoption by banks over the past 30

attempt to update payment systems to meet today's technology demands creates severe strain on many banks. This could cause their costly project to be abandoned at some point, leaving the bank in worse shape (technically and economically speaking) than it was before.

If a bank decides early on to integrate with a core processor (or

response from our commercial clients. We have also seen our reseller activity increase sharply and the platform accommodates us to scale with the growth," adds Bart Murphy, executive vice president and chief lending officer at Avidia Bank.

Resellers partnered with a bank on such a platform can offer an array of payment solutions/options via interface or API. Here are some options allowing a merchant to accept both ACH and credit card payments with equal ease:

- Virtual terminals for taking payments in person/over the phone.
- Online forms to accept payment through a secure website.
- Emailed invoices and other payment requests.
- IVR which allows customers to call an 800 number 24/7 to submit payment.
- Shopping cart checkout.

"The all-in-one registration and solution delivery of card, ACH and RDC has proven to be popular with merchants for the simplicity of its deployment; a single platform is used to upgrade and consolidate payment solutions," says Cliff Thompson, vice president, payment solutions, at Avidia Bank. "This streamlined process empowers our ISO partner network with superior merchant solutions from end-to-end. As a result, ISOs, agents and resellers are seeing a notable jump in client retention by leveraging this platform." ◦

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BANK CENTRIC PAYMENTS

The Bank Centric Payments platform provides an easily deployed, risk-managed environment for the registration, underwriting and delivery of ACH, RDC and credit card payments through one easy-to-use, cloud-based system.

Conceptually, the idea of the Bank Centric Payments is simple but difficult to deliver: It cohesively melds multi-facing solutions to banks, ISOs, clients, ISV and others; it satisfies their need (via API or online interface) to fulfill their role in the process. "This approach improves our control over our TPPP relationships and the compliance of the merchants on the platform as well," says Bart Murphy, executive vice president and chief lending officer at Avidia Bank, Hudson, Mass. "Back in 2014, our bank determined that secure, simple payment solutions were a required bank service for our commercial clients; now with AvidiaPay, we are positioned for today and going forward."

Surveys consistently provide data that show a merchant's first choice is getting payment-related services directly from its bank. Since most banks cannot provide a wide range of payment services directly, they refer their merchants to third-party providers. Bank Centric Payments changes that dynamic without adding to the operational burden for the bank; the resellers and the merchant join the bank on the same platform, thus enabling this partnership to deliver a wide range of payment options — all on the bank's branded platform.

Simply defined, banks do not need to create a platform from scratch to efficiently facilitate payments; instead, by adopting Bank Centric Payments into their existing system, the bank enjoys all the benefits of a uniquely built platform without any of the associated costs or potential setbacks.

Leveraging the custom-configured tools in this solution to meet the demands of their business clients, ISOs and resellers creates for the bank a central role in payments; it secures the bank's reputation as a payments leader while protecting it against the widespread inactivity (revenue loss) currently affecting thousands of FIs.

"The advent of this platform approach brings together the elements that up to this point have been lacking at the community bank level. Most community banks treat traditional merchant services programs and ACH or RDC processing separately. This solution enables a more cohesive approach to payments that can be branded in their name and with the right partnerships significantly reduce expense for their commercial clients. The cost issue to the bank has been removed, and it serves as a starting point that will only get better as more FIs adopt the type of payment innovations that will go a long way in helping them attract and retain highly valued commercial clients," adds Chris McNulty, president of Wimsett and Co.