

## Financial Services

## Improving **debit order payment collection** to increase customer satisfaction and trust in the client institution

BSG supported a South African asset finance house by **analysing and redesigning** their existing **payment solution** in order to comply with the South African Reserve Bank (SARB) early collection and account tracking requirements.



### Overview of the client's needs

- Implement DebiCheck, a SARB mandated Early Debit Order payment collection solution between the bank and its high-risk customers
- Implement a payment solution that allows the client to track the customer account for a set period of days
- Enable a seamless integration solution across multiple interconnected systems
- Define a modular and scalable architecture design that allows the solution to be delivered according to business needs and priorities



### Objectives of the engagement

- Advise and guide the client in understanding the legislation and aligning this to the business strategy and objectives
- Analyse and understand the client's value-chain so as to provide insights into the impact on the existing processes, systems, business practices and customers
- Architect and redesign the payment solution that will optimise the legislative requirements and safe-guard future consumer payments



### Benefits of the change

- Consistent cash flow due to a reduction in customer complaints and disputes resulting from fraudulent debit orders
- An improved and accurate payment process which reduces reversals of legitimate debit orders and enables consistency in successful collections
- Consumer better protected from debit order fraud by enabling electronic authorisation via their preferred banking channels
- The client can collect monies owed to it sooner, before funds could be depleted by other debts

Supporting our client to enable **compliant mandated early collections** that **decrease disputed, unpaid and illegitimate debit orders**

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## Engagement Overview

The South African Reserve Bank (SARB) conducted a strategic review of the early debit order collections environment during 2011-2013. This was prompted by increasing complaints by payers regarding not knowing who was debiting their account, rising numbers of illegitimate debits and disputes (4-6% of Non-Authenticated Early Debit Orders (NAEDO) are disputed), high levels of unpaid debit orders (25-35% of NAEDO are returned unpaid), payer irresponsibility where payers dispute transactions to manage their cash flow and increasing calls from government and political sources to protect payers.

The outcome of the strategic review process was a project to address authentication of mandates for debit order transactions. Authenticated early debit orders (AEDO) are now given preference above non-authenticated early debits. Users who wish to capitalise on this solution and process in the earliest window must provide an electronic mandate from the client.

Recognising the potential benefits, a leading South African asset finance house needed to embark on an analysis and redesign of their existing payment solution to allow for compliant mandated early collections that decrease disputed, unpaid and illegitimate debit orders.

## Solution

The South African asset finance house partnered with BSG to implement a mandated payment collection solution between them and their high-risk customers. This was done to allow customers to authorise debit order collections from their accounts in the form of an electronic mandate.

The solution required integration between multiple systems both internal and external. BSG was tasked with first understanding the new legislation, then understanding the business context and providing an analysis of the client's value chain, offering insights into how existing processes, systems and business practices will be impacted.

BSG then supported to redesign the existing impacted processes and systems, as well as structure the analysis approach and team. BSG assisted the client with achieving their compliance objectives that are aligned to their business needs and SARB legislation while keeping customers at the core of the solution.

BSG supported the client to deliver the project in an agile manner with various components being developed iteratively. BSG ensured compliant maintenance of the mandate

throughout the lifecycle of the customer's relationship with the asset finance house, including mandate registration, amendments and cancellation.

DebiCheck is the platform that enables the collection of electronic mandates. The DebiCheck solution was integrated into the client's current acquisitions and maintenance processes, which increased the probability of obtaining approved electronic mandates by the customer through their preferred channel.

As part of the project BSG supported the enablement of compliant monitoring of the customer account for funds when the debit order is submitted during the early window period for collection. Should the customer not have any funds in their account on the day of collection, this collection method tracks the account for a set period of days in case funds do become available. The solution also provides a compliant process to handle disputes, checking debit orders against customer mandates and preventing the resubmission of identical collections.

## BSG making a difference

BSG partnered with the asset finance house to support them to deliver a compliant payment solution. Drawing on over 20 years of local knowledge, BSG understood the South African customer experience and compliance landscape, allowing for a solution that considers both legislation and optimised customer experience. The resulting payment solution improved CX while still meeting SARB regulations.

The analysis of the business requirement and current gaps allowed BSG to shape and implement a solution that streamlined processes and allowed various different systems to integrate seamlessly. For the customer, this meant increased protection against illegitimate debit orders, ultimately leading to more satisfied customers and increased trust in the client institution.

For the asset finance house, the implementation of DebiCheck and related payment solution processes and features decreased disputed, unpaid and illegitimate debit orders. This increased cash flow for the client and DebiCheck also allowed the client to collect monies owed to it sooner, before customer funds could be depleted by other debts.

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