A more targeted, efficient and effective way to monitor transactions

Elan Payment Analytics

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FINANCIAL SERVICES

Overview

Commercial cards are fast becoming the payment tool of choice for all types of business-related expenditures. An effective payment tool, card programs provide efficiency and critical information that bring unique value to an organization's business-to-business payables process. Moreover, through the use of commercial cards, organizations can achieve greater visibility and control over their cash management activities.

As more financial executives discover the positive impact commercial cards have on their cash management process, they are looking to expand usage. One possible obstacle, however, is the concern about the potential for improper card usage. This concern becomes even greater when growing a program and adding transaction volume since it becomes increasingly difficult for program managers to review all transactions.

Although concern over misuse and out-of-policy spending is understandable; the fact is that commercial card abuse is far less common than many perceive. A RPMG Research study* found that employee fraud and misrepresentation on commercial cards remain relatively insignificant, accounting for less than 1/10 of one percent (1/1000) of card spending. Yet almost 80% of organizations have allowed real or perceived fraud, misuse and policy violations to be barrier for card program growth.

In reality, commercial cards can mitigate the risk of improper card use if the appropriate controls are in place. Commercial card programs offer a number of inherent controls, such as card limits and detailed transaction reporting, that program managers can use to lessen the opportunity for the misuse of funds.

Audits can provide another layer of protection. Most organizations employ some level and form of audit to mitigate fraud, loss and misuse. Currently, the majority of organizations still rely on manual reviews, which are time-consuming, labor-intensive and error-prone. On average the cost to audit one transaction is $2.38.** As organizations continue to expand their card programs, more transactions may require more resources to perform more reviews and more analysis of the expanding data, which leads to greater operational cost.

When it comes to the auditing function, the need for an automated, continuous and consistent way to monitor commercial card activity is at an all-time high. To address this challenge, Elan Financial Services offers technology to rapidly detect, correlate, analyze and respond to transaction-driven events. A part of our electronic access system suite of products, Elan Payment Analytics helps program managers more effectively pinpoint potential card misuse and guide the back-end auditing process.

How It Works

Payment Analytics enhances auditing practices by looking beyond traditional card controls, such as cardholder spending limits and merchant category code restrictions, to provide 100% commercial card transaction monitoring. Using customizable rule templates, organizations can automatically review all card transactions and flag suspected card misuse and out-of-policy spending. For example, organizations can conduct audits on purchases that are made on the weekend or split in order to avoid transaction limits.

By consistently, continually and automatically running policy rules on all transactions, Payment Analytics dramatically makes cardholder transaction monitoring more targeted, efficient and effective. Program managers can receive email notifications of possible non-compliance and maverick spend violations so they can better improve purchasing practices and safeguard against commercial card misuse.

Payment Analytics increasingly enables organizations to move indirect spend to more efficient forms of electronic payment, such as commercial cards, without allocating more resources to audit these expenditures. This allows organizations to reap the efficiency gains from commercial cards across their payables organization without requiring an increase in manpower for auditing.

Payment Analytics requires no additional hardware or software and no extensive training, so organizations can get up-and-running quickly and easily. A completely turnkey solution, Payment Analytics automatically integrates clients' commercial card transaction data and is accessible online, 24/7, so information is readily available, anytime, anywhere.
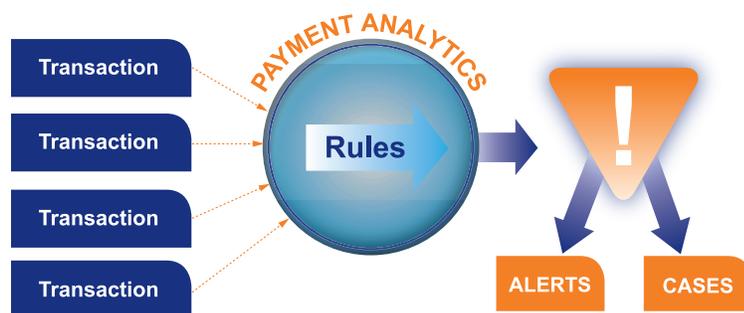
Benefits

- **Improve Adherence**—manage out-of-policy spend and detect fraudulent activities near real-time by associating time, people and events together.

- **Enhance Control**—audit 100% of transactions versus a random sample, offering greater peace of mind and more complete detection of policy violations and suspicious card use.

- **Reduce Risk**—route flagged transactions to the appropriate personnel for review, providing greater program supervision over non-compliant activity.

- **Increase Efficiency**—streamline the audit process with multi-dimensional rules that are consistently and continually applied across all transactions and card users.

- **Boost Cost Savings**—automate routine audit tasks, focusing on transactions that are a cause of concern.

- **Streamline Administration**—empower program managers with self-service capabilities, allowing them the flexibility to manage user entitlements, specify alert notifications and configure audit rules.

- **Broaden Visibility**—record all case details in one central database, enabling program managers to gain insights into the organization's performance over time and improve the predictability of who, when and where problems may arise.

- **Expand Revenue Share Opportunity**—realize growth incentives by identifying spend leakage and moving volume to secure card payment methods.

Rules Management

Rules Management functionality makes it easy to select and modify rule templates. The rule templates allow users to be automatically notified via email when client-defined transaction parameters are met; for example, when a transaction is close to the cardholder's single purchase limit or when a transaction is made with a non-preferred supplier.

Clients can choose from a variety of rule templates that include, but are not limited to:

Alert	Notifies when...
Unauthorized Merchant Category Code (MCC)	a transaction occurs within a prohibited MCC.
Merchant Watch List	a purchase is made at a particular supplier (as specified by the supplier name).
Transaction with a Non-Preferred Merchant	a transaction is made with a non-preferred supplier (as specified by a MCC, supplier name and dollar amount).
Split Transaction	multiple transactions occur on the same date at the same merchant at the same location.
Split Purchase	separate transactions occur on the same date at the same merchant at different locations.
Transaction Close to Single Purchase Limit	a transaction is close to the cardholder's single purchase limit (as specified by percentage or dollar amount).
Large Spend Increase over Average Spend	the total spend during the last closed cycle exceeds the average spend of the previous six cycles (as specified by percentage increase).
Excessive Use of Convenience Checks	there is excessive use of convenience checks by a cardholder (as specified by number or total dollar amount in a set time period).
Excessive Cash Withdrawals	there is excessive cash withdrawals by a cardholder (as specified by number or total dollar amount in a set time period).
Weekend/Holiday Purchase	a transaction is made during a weekend or holiday (U.S. or Canadian holidays).
Account Opened/ Maintained with Limits Exceeding Standards	a cardholder account is opened and/or maintained with a credit, purchase and/or cash limit that is outside a set of standards.

Case Management

Case Management functionality allows clients to create cases for follow-up investigation. Cases can be assigned to different owners (such as the cardholder's manager) for further examination. The case manager can add notes to the cases based on research they have conducted on the transaction. In addition, clients are able to set the current status of the case and sort cases by rule name, date opened and last updated. Finally within a case, users can assign a classification depending on the outcome of a case as well as a disposition. By creating and associating cases, clients can detect relationships between transactions over time and move from a reactive to proactive control framework.

- **Receive Cases**—Initiate investigations received through alerts based on customizable rule templates.
- **Distribute Cases** —Prioritize, assign and route cases and tasks to the most appropriate people for follow-up.
- **Resolve Cases**—Record notes, evidence and activities, and efficiently document the outcome of the investigation.

Ensuring adherence with procurement and payment policies is essential to the success of a commercial card program. Payment Analytics' sophisticated rules-based analysis provides the review needed to manage today's card programs effectively. Leveraging Payment Analytics' 100% transaction monitoring, program managers gain better insight into their card program's performance and intelligence that can be acted upon quickly to discourage fraud, waste, loss and abuse. By converting transaction data into business intelligence, Payment Analytics enables clients to focus their attention on maximizing their card programs.

For More Information

To find out how your organization can benefit from Payment Analytics, contact your Relationship Manager.

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