

# Transaction reconciliation vital in EFT, VAS domain

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8 Nov 2013

Transaction reconciliation can be used both as a strategic advantage and as business critical safety net, as more retailers implement Value Added Services (VAS) to enhance the customer experience, to generate incremental revenue and to gain a competitive advantage.



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EFT, gift cards, loyalty programmes, bill payments and pre-paid services such as electricity and airtime are now commonplace. However, ensuring accurate delivery, operation, support and management of these services from multiple service providers across multiple channels (POS, web, mobile etc) can be complex. A powerful reconciliation solution can simplify this in various ways.

The principal objective with transaction reconciliation in the EFT and VAS domain is to ensure that the final status of a transaction is the same across the channel that initiated a transaction and the VAS or EFT application that ultimately authorised or processed the transaction. This ensures data integrity, accurate clearing and payment of commissions, customer service, while also supporting certifications, the identification of shortcomings and defects in VAS implementations and fraud detection.

However, the reconciliation is much more than a simple accounting functionality. The smart retailer sees reconciliation as a safety net to protect the customer experience and, more particularly, understands that if this function is not performed properly, it could mean far more than a loss of current income.

At a high level, reconciliation assists retailers to understand why and how money is flowing between individual stores and head office and between head office and VAS Providers. This can be used to make strategic decisions on product and service offerings at a granular level.

## Unclaimed gift tokens represent lost opportunities

A recent TowerGroup report estimates that around US\$2 billion worth of gift cards will be unredeemed this year. While the naive retailer may dismiss this as cash in the bank, the purpose of a gift card solution is to encourage the uptake and use of that stored value to secure first-time customers and convert them into regular shoppers, not to mention the provision of the Consumer Protection Act in this regard.

The customer experience, when using a gift card, is critical. It may well be the first time they visit a store and their experience should be flawless - being unable to use a gift card or receiving an incorrect balance after their first transaction will result in frustration. This leads to a negative perception of the retail chain and could very well result in the loss of potential repeat business. Transaction level reconciliation goes a long way to prevent such a scenario from occurring when exceptional scenarios occur during the normal processing of transactions.

## Vital management information

The reconciliation process offers valuable management information. Picking up trends, such as repeated reversed transactions by specific cashiers, could alert retailers to possible fraud and is the best defence in identifying and routing out nefarious behaviour. With ever-increasing fiduciary and compliance requirements, the reconciliation solution offers additional, if not the only, protection for a retailer.

There is no doubt that value added services are on the increase. Retailers are now dealing with a host of offerings in a domain that is becoming more regulated by the day. If they don't have a reconciliation solution that allows them to deal with multiple channels and service providers utilising common business processes, they could be exposing themselves to risk which could, at best see them lose customers and, at worst, see them defending themselves in court. Performing these functions manually is complex, prohibitively expensive and often simply not possible.

### ABOUT IAN STEYN

Ian is the Product Executive: Customer Engagement at Innervation PAN African Payment Solutions. He has over 15 years experience in the integration and operation of large range Value Added Services and Payments into various tiers and verticals within retail. Ian was part of a team that deployed the first online and real-time prepaid electricity vending in South Africa in 1998.

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