

cognition

Functional Overview

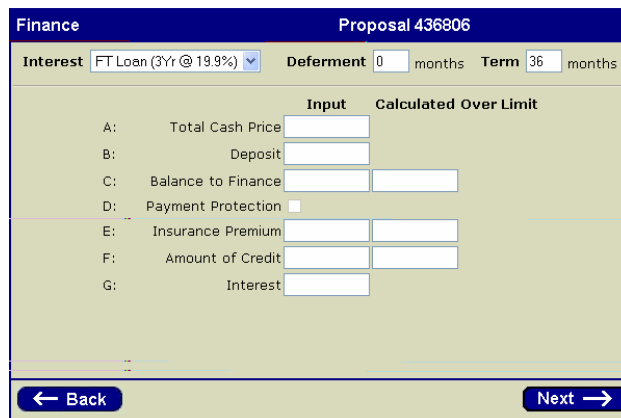


5	+2.688
0	+5.000
1	+1.500
0	+1.125
0	+1.062

OVERVIEW

Cognition is a sophisticated suite of application modules unified through a common underlying database to support complete administration of consumer credit agreements from initial data capture through to debt-recovery.

The screen-based interaction is delivered through Internet browsers, allowing for operator location independence, a range of deployment models, simplified central administration, and lower cost of ownership.



Finance		Proposal 436806	
Interest	FT Loan (3Yr @ 19.9%)	Deferment	0 months
		Term	36 months
	Input	Calculated Over Limit	
A:	Total Cash Price	<input type="text"/>	
B:	Deposit	<input type="text"/>	
C:	Balance to Finance	<input type="text"/>	<input type="text"/>
D:	Payment Protection	<input type="checkbox"/>	
E:	Insurance Premium	<input type="text"/>	<input type="text"/>
F:	Amount of Credit	<input type="text"/>	<input type="text"/>
G:	Interest	<input type="text"/>	
		<input type="button" value="← Back"/>	<input type="button" value="Next →"/>

The platform operates in a Microsoft environment using Intel Hardware, which provides a cost effective and scalable solution. One implementation is currently supporting in excess of 1000 proposals per day and administering agreements for the fourth largest motor finance operation in the UK.

The system takes a customer-centric approach to credit agreements to support our clients CRM strategies as well as providing a high level view of the exposure to each customer. In addition much support has been included for supporting a retailer/dealer centric view.

There are three different data capture modules, supporting various routes to market including call centres, retail POS and retailer web sites. Whether the consumer is seeking finance directly or through an intermediary, Cognition has a module that can fulfil the requirement and integrate seamlessly with the other supporting modules to provide an automated, flexible and robust solution.

FRONT OFFICE SYSTEMS

Electronic Credit System (ECS)

ECS is a suite of browser-based data capture screens designed for use within a call centre; however the exact screen flow may vary depending on information captured early on in the process.

Address matching is accomplished through interaction with a third-party service and bank account validation is performed against data held locally in the Cognition database.

The scoring module carries out credit scoring and credit decision-making, whilst credit limit setting and agreement number allocation may be carried out locally.

In the event of an application being accepted, the operator has the choice of having the documents produced and faxed automatically, printed locally or to have a PDF document created and made available to the retailer online.

ECS also allows the operator to retrieve previously completed applications to review or, in the case where the Scoring Module refers the application, underwrite manually.

Internet Credit System (ICS)

At the core of ICS is a suite of data-capture screens designed to be used by a retailer, dealer or other third party. It has similar capabilities to ECS in terms of the captured information, but with some differences at the beginning and end of the application process.

Where ECS users have the ability to choose the retailer or dealer for whom they are about to enter an application; ICS users have a particular retailer or dealer configured against their logon. At the other end of the application system, ICS users have the document automatically produced as per the retailer's configuration.

Having completed an application, ICS users can check the status of referred applications and subsequently retrieve and print the credit documents if they have been accepted.

ICS users may also be configured to view a number of reports, detailing their applications. These reports are available in a number of formats that may be downloaded or printed locally, removing some of the overhead in producing and delivering reports to the retailers or dealers.

Exposing this level of transparency and clarity reduces enquiries and increases loyalty by improving the overall customer service.

Web Service (WS)

Our Web Service accepts XML submitted by retailers from their own systems, for tighter integration between the two parties.

It allows retailers to submit finance proposals through existing data capture systems, providing excellent levels of service whilst avoiding re-keying information and reducing staff training requirements.

Cognition will validate the submission, store the information, and forward it to the scoring module for a credit decision. Documents may be produced in the form of a PDF, encoded in base64 and returned as part of the XML submission.

Alternatively, the relevant details are fed back to the client for production of the document locally. An interface is exposed through the web service to allow clients to check the status of referred proposals.

Scoring Module (SM)

The Scoring Module is a web service that takes credit application details as an XML submission and reformats the XML depending on its destination and forwarding the request to a credit scoring bureau. The response is decoded, reformatted and applied to a scorecard before being returned.

We support Experian, Equifax and Call Credit bureaux services, each returning raw or coded data to support your lending criteria by implementing both your own policy rules and scorecard through the SM's embedded rules engine.

Document Pack Producer (DPP)

The Document Pack Producer provides a sophisticated in-house document production capability. Documents such as proposal documentation, statements and arrears letters can be printed, faxed or exposed to the web as secure PDFs.

Document creation and management is performed using Microsoft Word, and can be managed in house to avoid recurring development costs and the associated delays.

Documents may be tagged with a fax-safe, 2D barcode that enables simple and accurate document tracking.

Multiple DPPs may be added to the system to ensure there is capacity and resilience to meet whatever service levels you place on this crucial area of service delivery.

BACK OFFICE SYSTEMS

Agreement Administration Module (AAM)

This is a suite of browser-based screens, which gives the operator access to the operational information on the system relating to customers, agreements and retailers/dealers. Users with the necessary system access also have access to various workflow customer service and Retailer/Dealer support functions.

Agreement Processor (AP)

The Agreement Processor typically runs once a night, when demand on the system is much reduced.

It is responsible for activating new business, posting transactions, accruing and posting interest, applying fees for additional products, statementing, dealer settlement, creating Direct Debits, calculating arrears and progressing collections activity against delinquent accounts.

■ Account Setup

When the signed documents have been received an operator can start the process of account setup by scanning the 2D barcode on the agreement. This sets the proposal to a status that indicates it is ready to be converted to an agreement.

In turn, this triggers the establishment of the debt as well as the start of the settlement process. The transaction types used for the initial postings are configurable by retailer and proposal type.

Once each proposal has created its corresponding agreement, the status changes to indicate that it has been established.

■ Settlement

Settlement with the retailer is driven by monetary transactions posted against a customer's account. A number of criteria control the amount of money the retailer receives or indeed owes for each of the transactions.

The system is very flexible and allows for many variations in the way Retailers/Dealers remuneration or billing is carried out.

■ Transaction Processing

Monetary transactions at a basic level have the effect of altering the balance on an account by the amount held against that transaction.

Cognition transaction processing facilitates a greater level of granularity and flexibility by providing:

- Multiple balances against a single account
- Applying different types of charge in different orders depending on the type of account and the type of transaction
- Holding balances and accruing interest at purchase level
- Having the notion of due dates against these purchases
- Support for prepayments

Cognition supports the concept of a system date, which is ordinarily the current date in a live environment. Transactions have a transaction date held against them and will not be applied until the system date has passed the transaction date.

Each transaction has an associated transaction type that determines what happens when the transaction is applied. Any failures to post for over-limit reasons raise events, which may in turn, have workflow items for subsequent processing.

The transaction type also determines whether the transaction should be treated as cash collected affecting. Transactions that would be flagged in this way are cash, cheques, Direct Debits, bounced cheques, and returned direct debits. This controls the satisfying or otherwise of any arrears, outstanding payments and due amounts.

■ Purchases

Certain transaction types are configured as purchases. When one of these types of transactions is created, a 'Purchase Details' record is also created for recording information about the characteristics of how and when repayments become due and the rules about interest application.

The information that is stored against each purchase, over and above that stored for every transaction, can be distilled to a deferral period and an interest-free period. Each has a corresponding end-of-period date, an outstanding balance and an indication of whether it is due.

During the deferral period, the purchase amount is not due, no payments are required and interest is not accrued. Following the deferral period and after a grace period has elapsed, the payments fall due and interest is accrued and applied in line with the configuration of the agreement.

During the interest-free period, interest is accrued but not posted. If the balance for the purchase has reduced to zero, any interest accrued is cleared. An event is raised to record the details of when and how much interest was accrued but not applied. However, if a debit balance remains at the end of the period, the accrued interest is posted to the agreement and subsequently applied in line with the configuration of the agreement.

Purchases made against a revolving product are treated in isolation. The deferral period and interest free option period dictate how that one transaction is treated. Fixed term agreements however may be preloaded with interest and other additional products that are posted as separate transactions.

■ Interest Accrual

Interest accrues daily against due balances at the rate dictated by the type of balance and the recorded method of repayment. Each agreement may have several balances along with an associated amount of accrued interest that has yet to be applied.

■ Statementing

Statementing is controlled by the statement date, which is configured using a statement interval. The statements include details of all the transactions that have been posted against the agreement since the last statement, as well as statement messages.

A statement interface file is produced for transmission to a third party. The statements may be viewed in their original format by an operator using the Agreement Administration module.

■ Minimum Payments

Minimum Payments are calculated on the billing date, which is the start of a new billing period. The minimum payment for revolving agreements is calculated using the configuration details for the agreement type.

It is possible to configure a minimum amount, or a percentage. If a percentage is specified this may relate to the current balance or the highest recorded balance. If both a percentage and an amount are configured, the minimum payment will be the higher of the two.

■ Prepayments

Prepayments occur when a payment arrives that exceeds the minimum payment for the billing period. The system records the prepayment and also an effective date, which is defined by a configurable period. If during that time, insufficient funds are received to meet subsequent minimum payments, the system will apply part or all of the prepayment to the agreement. After the prepayment effective date, any funds that were labelled as prepayment are no longer available.

■ Arrears

Arrears are calculated a number of days after the due date. The interval is configurable and may be 0. If the agreement shows that some of the minimum payment from the last billing period is outstanding, the outstanding amount is recorded as arrears.

If payments arrive subsequently, they will be applied to the agreement balances in the order described by the agreement's application sequence. If sufficient funds are received, the arrears will be satisfied.

The severity of the arrears is described by the Arrears State and the MI Arrears State, which may be calculated differently. When the arrears is recorded, the system also records the minimum payment for that billing period, so the arrears state can be calculated for each period and summed to give an accurate picture of customer performance.

The arrears value may be modified by a user with sufficient privileges, using the Agreement Administration Module.

■ Direct Debits

Direct Debit Instructions are produced when an agreement's repayment method is set to Direct Debit. If an instruction is already in existence for the agreement, it is cancelled and the agreement's statement-reference, which should be unique for each instruction, is incremented. Instructions are collected into batches by originator ready for transmission.

Direct Debits are created at regular intervals. For each agreement requiring a payment, both DD and Transaction records are created. The transaction record is not applied until the due date of the agreement.

The amount called by the direct debit can be either the minimum payment for that billing period, or the part of the minimum payment that is outstanding at the time the DD records are created.

A system-wide setting controls this. The DD call cannot exceed the balance of the agreement at the time the DD record is created. At any time, an operator may create an additional DD call, which will be included in a batch at the next opportunity.

■ BACS Submission Module

This module is sharply focussed on taking direct debits information straight from the database and transmitting it to BACS. Cognition supports multiple direct debit schemes as well as support for multiple originators and bank accounts within each scheme.

This module works in conjunction with the BACS Plus, AUDDIS service from BACS and the BACSSafe devices supplied by BACS.

Submission details including any submission reports are saved to the database. The submission reports are interrogated for success or failure messages, and the operator is notified accordingly.

DD Submissions for Southern Ireland are performed by a third-party system called Electronic Money Transfer System (EMTS). Information is transferred to the EMTS system by way of an interface file that is created within the database. The EMTS file does not perform multi-day transmissions or DDI transmissions.

■ Workflows

Workflows can be used to control the activities of any group of operators that perform tasks generated by the Agreement Administration Module. Tasks are assigned to operators based on their membership of user groups and the priority assigned to the task, or item.

When they perform the task, they can record the outcome by picking a result from a list of possibilities. In addition, they can write notes describing the process that they went through.

Tasks may remain open, if they are incomplete, or they may be closed, at which point, the whole of the task history is compiled into one event and recorded against the agreement / customer / retailer.

Collections is a specialised form of Workflow, so inherits all the workflow functionality. Agreements are configured with a default collections chase when they are created. Collections workflows may have results that are configured as promises-to-pay.

Automated Letter Production can be performed by the occurrence of any system event, regardless of whether that event is created as part of a workflow, or the normal course of events. However, it is particularly useful when used as part of the collections workflow.

Letter templates stored in the system can be populated with data and produced automatically at configurable intervals throughout the collections process. In addition, as with any event, the system can also apply charges as the letter is produced. Once populated, the template is produced by the DPP.

Some collections workflow results are configured as "Promises-to-Pay". If one of these results is chosen, the operator can record the promise amount and the date by which the customer must pay. There are configurable limits that prevent promise dates being too far in the future.

If payments arrive, they are counted against the promise and if the promise is kept, the customer is deemed to have made a payment, and will come out of the collections chase. If the promise date arrives and the promise has not been kept, the customer returns to the collections chase, for further action.

Some Workflow results allow scheduling of the agreement. By recording a “Not Before” date and time, the operator can prevent a workflow item from being scheduled until that date and time.

The date and times can be set automatically, if the outcome has a Postponement configured. In this case, the system will use the User Group Working Hours information to suggest a date and time when the operators will be at their desks. When the date and time is reached, the workflow item will be scheduled according to its priority and the strictness of the rescheduling.

If an item is rescheduled to a default time and date, this is not considered to be strict. If however the operator overrides the default time and date, it is considered to be strict. Strict Items are prioritised over non-strict items of the same priority.

REDLINE SOFTWARE

Redline Software provides solutions and services to the Consumer Credit industry. Our industry experience, understanding of technology and our proven track record in Change Management give us a unique ability to bring about our clients' objectives in efficiency, customer service and cost savings.

The logo for Cognition, featuring the word "cognition" in a lowercase, sans-serif font with a red swoosh above the "n".

cognition

Is our flagship product, embraces a customer-centric approach to managing the entire credit agreement life-cycle from new business data acquisition, automated underwriting and decision making, through document production and workflow, agreement inception and payment processing to ongoing account management as well as debt recovery.

Extensive system configuration throughout delivers competitive advantage through flexibility and faster times to market. Automation of repetitive tasks allows operators to utilise the system to focus on delivering the highest levels of customer service.

To contact Redline Software

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