



**COMARCH**  
**BANKING**

FINANCIAL SERVICES BILLING

# COMARCH PRICING & BILLING

## Challenges and possibilities

Banks are paying increasing attention to the problem of retaining existing clients. Thanks to support from modern IT systems, they are carrying out a segmentation of clients while at the same time individualizing relations with key clients. This tendency is reflected in changes to the offer. Banks are increasingly deciding to introduce charges and commissions packages, adapted to the client segment or profile and which represent an acceptable level of costs for the client and profit for the bank. These packages can be individually negotiated. This effectively leads to the setup of long term cooperation with clients, which the bank values, together with more effective sales of subsequent products and bank services.

### Creating charges and commissions packages adapted to individual client needs

The client usually uses various types of products, looks into offers from many banks and chooses the most attractive one. Nevertheless, if a bank is able to present a 'tailor made' offer, which contains a whole range of products expected by the client, then it may expect to increase the level of interaction with the client. This will be reflected in an increase in the sales of the wider product range.

Another possibility, is to develop the offer for existing clients through the segmentation of specific groups of clients who could benefit from becoming familiar with an individual offer.

For example, the bank selects clients who keep a low account balance and suggests free products within the package under the condition that they maintain a set balance on the account.

### Real time calculation of charges and commissions

A flexible billing system allows the up to date calculation of charges resulting from actions taken linked to the product that is owned by the client. The system works together with external applications in real time as well as during batch processing. Information exchange occurs via correctly defined, efficient interfaces. Thanks to this, the possibility exists to use the billing system for cash card transactions or bank transfers carried out via internet banking.

The solution is made up of the billing engine, supported by an easy to use algorithm creator, which calculates charges and commissions. The system can also carry out calculations in the context of chosen clients and products. Algorithms are chosen by business users based on multiple mathematical, logical and business functions which are also made available.

The calculation engine can also be used for points calculations as part of promotional and loyalty programs.

Comarch Pricing & Billing is a flexible tool which allows for the speedy design, testing and implementation of innovative charges and commissions packages.

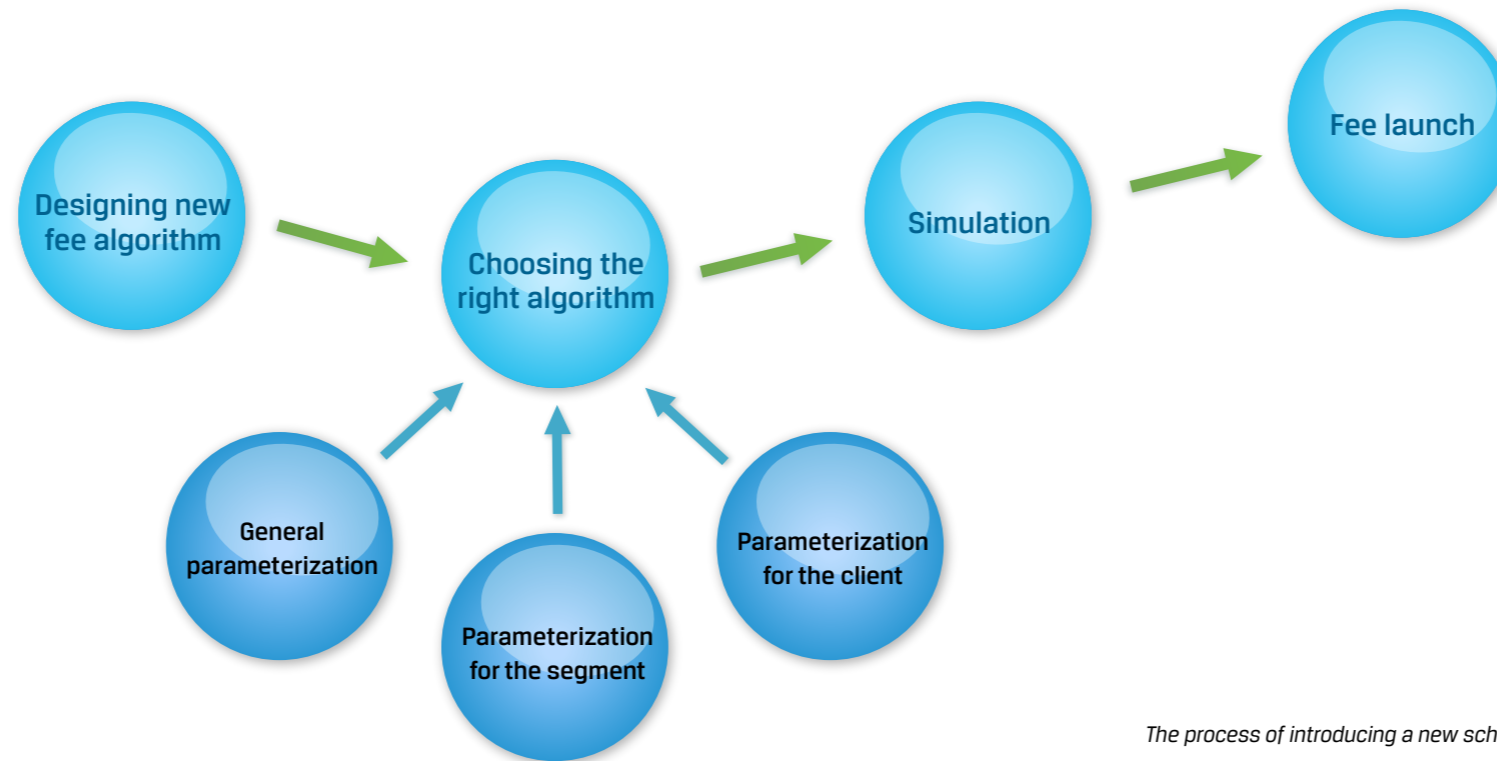
## Basic business processes

Calculating direct charges in the context of product tasks, or the reduction of fees following the fulfillment of set conditions, can be carried out in two ways, depending on the configuration of the charges calculation process:

- >> in real time: for example, when the client generates a new transaction (through a credit card or internet banking), a question is sent to the billing system to get the value of the charge for the billing process (with the given parameters), the system replies with the value of the charge and then listens in on whether the transaction has been confirmed for a set period of time, if it has, then it calculates the charge,
- >> during batch processing: collected transaction sheets are sent to the billing system (in batch files or interface tables) at set time intervals (24h, weekly, monthly etc.), then charges are calculated based on the total set of transactions (e.g. discounts in accord with the obligatory rebate program, which may decrease the one off transfer charge inversely, proportionally to the volume of transfers carried out).

The modes supplement each other, i.e. charges are calculated in real time and a reduction in charges is calculated in accord with a set discount program. It is worth mentioning here, that the volume of expected free transactions, available under the package, is settled in real time during the calculations. Thanks to the accepted norms, to do with the architecture of the calculation module, the main course of action of the business process in the **Comarch Pricing & Billing** charges calculation system remains the same for all implementations. Modifications made during the implementation have to do with details in the following phases of the process:

- >> data receiving,
- >> client activity analyzing,
- >> calculating charges and commissions,
- >> calculated charges and commissions settling.



The process of introducing a new scheme

## System functionality

### Parametrization of programs which calculate charges and commissions

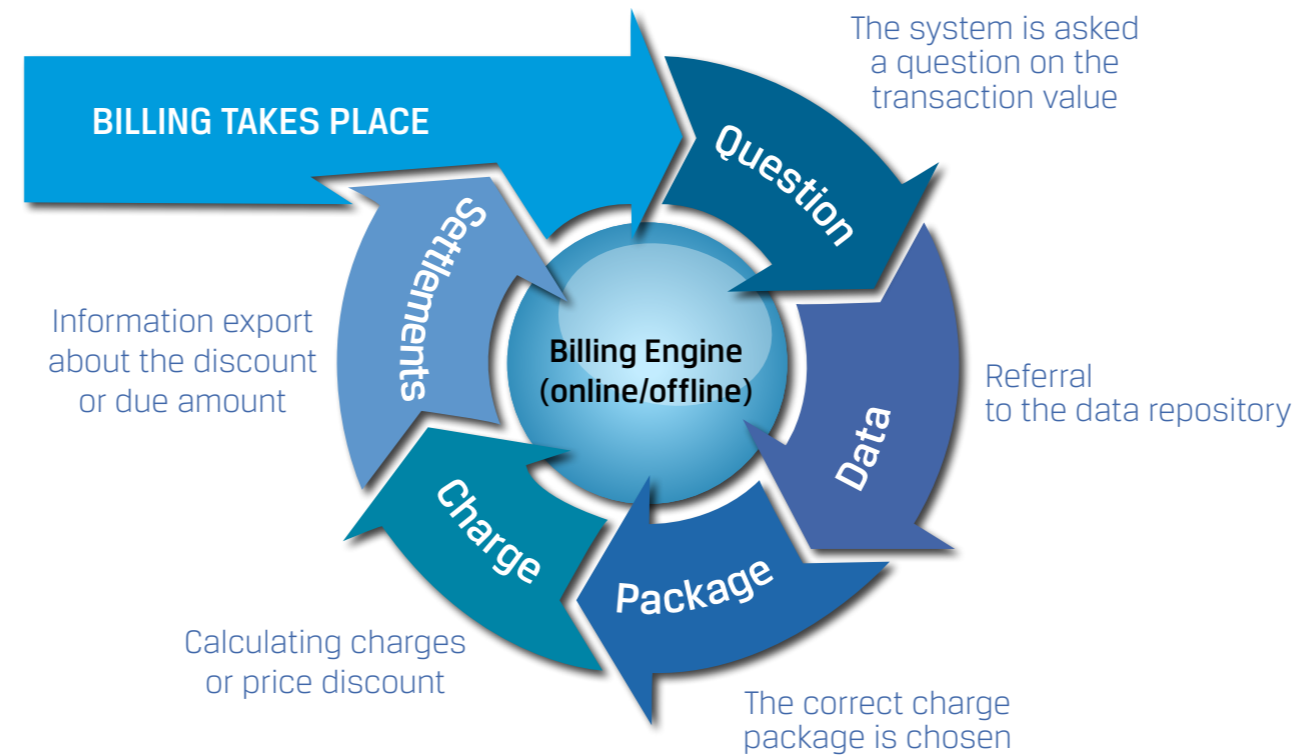
The configuration model answers for the key area of the charge calculation system, thus, for the complex management of the policy which calculates charges and commissions. It gathers rules, rates and selection and calculation expressions that were used in the algorithms. It has a lot of references to product and client data repositories.

The module supports the following business processes:

- >> the addition of new and modification of existing rules and charge rates,
- >> the creation of individual rules and charge rates for specific products and chosen fragments of the client portfolio,
- >> bringing together a full history of the changes in the charge rate calculation policy,
- >> a simulation of the effects of changes made in the charge rate calculation policy.

## Calculation processes

The mechanism, which flexibly defines automatic mass calculation operations as well as managing their implementation, is one of the main assets of the **Comarch Pricing & Billing** system. The proposed calculation engine is based on highly efficient Comarch tools, which are dedicated to the telecoms sector that processes tens of millions of tasks per month. Its goal is to achieve the effectiveness and scalability expected by the bank. It was created using complex architecture as well as advanced data buffering mechanisms.



Functional diagram of the Comarch Pricing & Billing system

## Business and operational advantages

The benefits that the bank sees following the implementation of the billing system, which integrates the calculation of charges and commissions:

- » an increase in sales to high revenue, demanding clients,
- » a competitive advantage gained through widening the loyal client group (calculating charges in accord with individually set guidelines within the contract creates added value for the client),
- » increased client satisfaction and access to information on client activity which especially allows maintaining a high client retention rate,
- » adapting the service portfolio to client needs and their profile (a possibility to divide the clients into segments and to make the charges and commissions package more flexible),
- » the possibility to observe cost models which allow the optimal configuration of packages in order to maximize profit while at the same time guaranteeing an attractive offer from the point of view of the clients,
- » creating a market image of the company as an organization which concentrates on the client, made possible by the attractive packaging of charges and commissions, wide possibilities for the parameterization of charges and commissions calculation programs.

The aim of implementing the Comarch Pricing & Billing system is to introduce individually negotiated end charges and commissions calculation programs, which are adapted to the client's profile, and which have an acceptable cost level for the client and profit for the bank.

### Wide possibilities for the parameterization of charges and commissions calculation programs

The Comarch Pricing & Billing system supports the following calculations:

- » charges for the acquisition of a specific product or carrying out of a specific service (e.g. for opening an account or issuing of a credit card or transfer order),
- » charges calculated based on activities associated with a specific product (e.g. from payment using a credit card, account turnover, account balance, repayment of installments, fulfillment of set conditions such as the volume of transfers during a certain period of time or maintenance of a set account balance),
- » cyclical charges (e.g. when making a set payment for a chosen product package or savings plan payment),
- » discount in accord with the obligatory discount system (e.g. after a set number of transfers takes place, their one off price is decreased in accord with a specific discount).

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