
FROM HOURS TO MINUTES

**AUTOMATING PAYMENT
FILE TESTING FOR A
US BANK**

2024





During the often-drawn-out corporate client onboarding process, the last thing a bank wants to encounter is the struggle of testing the file formats needed to process their new client's payments. XMLdation recently spoke with one of its client banks in the US to discover how the XMLdation product has helped to resolve the problems encountered.

During the final stage of client onboarding – the technical integration of client and bank systems – the bank experienced unnecessary delays and a resource intensive process to get clients to conform to their payment file formats.

A senior software developer at the bank reported that “Before we had XMLdation, the client would basically email us their payment file and we would have to go tag by tag, line by line, to identify the errors in the file. With the new process, instead of spending three hours, we spend five minutes troubleshooting.”

The bank had essentially become trapped in a loop: the file would be sent to them for processing, they would troubleshoot the errors, send it back to the client to resolve before it was then returned, often still in an unqualified state. The numerous types of errors, hidden between lines and lines of code can be very difficult and time consuming to troubleshoot manually.

This was extremely frustrating for both parties, it also absorbed significant time, resources and budget that could be better allocated elsewhere.

The bank had begun dedicating hours towards trouble-



shooting, going line by line, tag by tag within the file to discover what was incorrect and causing the issues.

The challenge was so significant that the bank would often ask clients not to send more than one transaction file the first time they entered testing. Instead, they felt it would be best to simply work with each client on the correct formatting for one file at a time. From there – as the mutual confidence between the two parties grew – they would build up to more complex payment files. While this phased approach worked to get everyone on the same page, it was not the most efficient – nor the fastest – of processes.

XMLdation provides the bank with a solution

XMLdation then automated this file testing process for the bank. The solution mimics the formats the bank uses internally, complete with detailed business rules, as well as national and scheme-level rules, for realistic results. As a US bank, it uses US file formats and proprietary file formats. This includes **ACH, ISO 20022 pain.001 integrated payables (ACH, Check, Wire), and bank proprietary integrated payables (flat file and CSV)** – all of which are supported by the XMLdation solution.

A senior member of the product team at the bank said that “XMLdation’s solution allows us to improve the customer onboarding experience, automating manual tasks so that the overall process is faster for our clients and helps the bank focus their resources on higher value activities”.

New clients are asked to submit payment files to the bank early on in the onboarding process. On receipt, the bank’s implementation team uploads them to XMLdation’s digital file testing platform, where the following processes are automated:

- **Line-by-line Code analysis.** Previously, testers had to manually analyse payment files line by line, which was a time-consuming and error-prone process. XMLdation's solution automates the line-by-line analysis of payment files – a previously manual process – that minimises the risk of human error and expedites the testing process.
- **Error identification.** The automated solution performs character-by-character identification of errors, which, in turn, significantly enhances accuracy and efficiency. It identifies various error types, including discrepancies in character encoding (e.g., UTF-8 vs. non-UTF-8 characters), incorrect date formats, and erroneous address formats.
- **Error reporting.** XMLdation's solution produces accurate, comprehensive and detailed PDF reports that flag any inconsistencies or errors found during testing, and identifies where the client has made a mistake and how to correct it within seconds. These reports offer valuable insights into the file's integrity – and where the client has made a mistake, they have all the information they need to fix it in one place and can do so quickly.

But what does this actually mean for the bank's team of testers?

- Rather than spending three hours reviewing a payment file, the testers can review and **resolve issues in as little as five minutes.**
- This means that **testing time is reduced by 97% overall.**
- To put that in perspective, hypothetically, where the bank may have spent 300 hours on file testing in a given month, this can be reduced to 8 hours of testing.

Help your clients, help yourself

As a next step, the bank is looking to open up the XMLdation "self service" functionality to its clients which will allow the clients to test in their own time and without the need to involve valuable bank resources.

Product manager at the bank says that "Before we even get to the testing phase, there are a number of steps that need to be completed – from compliance

obligations to establishing connections with clients. While we are doing all this, the idea is that the client can begin testing the files in an environment that provides them with fully accurate results. This will mean that when the day comes to start the actual testing between our respective systems and formats, the client will already have a good idea of what to expect, which will hopefully save us all even more time and resources.”

Once the client is ready to execute their first actual payment file it can be done with greater confidence of success as they have had time to prepare.

In conclusion

As client onboarding at the bank now requires considerably less time and resources, bank teams can focus their efforts on attracting new clients and expanding their market share. In this way the XMLdation solution is **not only a way of improving efficiencies, it is also an enabler for revenue growth.**



About Us

XMLdation TaaS solutions are designed for banks and payment system operators. These self-service solutions ensure resilience and quality in payment systems, and streamline onboarding to new payment schemes and rollout of new formats and services – faster and easier.

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