Experian™

Payments

Business background

Nationwide is a mutual building society and the fourth largest mortgage lender by asset size in the UK. Nationwide is committed to maintaining its traditional mutual status and the company strives to offer cutting-edge services to its members. In 1997 the building society was the first to offer online banking in the UK and since then has remained at the forefront of online developments: Nationwide was the first to launch online banking for PDAs (Personal Digital Assistants or handheld computers) and continues to offer the widest range of access channels in the industry. These include web TV and services for the blind as well as supporting Apple Macintosh and Linux platforms for online banking.

Nationwide's online banking service now has over 2 million customers making it one of the most popular online current accounts in the UK. In addition, they have been ranked the top financial services provider in the Press Watch Company Rankings for three consecutive years.

Online banking

The term 'online banking' covers a range of activities from tentative viewing of balances and transactions online to paying bills or standing orders set up by the user. Experience shows that individuals tend to increase usage over time as their confidence and knowledge grows.

Edwin Davis, Online Services Development Controller at Nationwide, watches this progression carefully. "Using online banking for paying bills is extremely efficient for both a bank and its customers" he explains. "Many of the processes associated with traditional methods of payment are eliminated and at Nationwide any subsequent savings go directly back to our members. However, these benefits can only be achieved by providing customers with a user interface that offers a positive experience both in terms of ease of use and the ability to make payments successfully."

Nationwide ensures the usability of its online banking interface by trialling proposed changes on test user panels. However ease of use, although important, cannot guarantee the success of bill payments; that requires the accurate input of payment details which is an entirely separate issue.

Data entry issues

In addition to the payment amount, there are three key items of information that need to be accurately entered into the online banking system for the successful payment of a bill or standing order: the name of the biller, their bank details, and the customer's unique reference number. Research within the online banking industry has shown that the entry of these key fields by users is prone to error:

- Biller's name – This is not always obvious from the bill. Many billers conduct their business under a completely different name to the brand by which the payer recognises them.
- Biller's bank details - These are not always clearly displayed on the bill and those printed on the front of the bill do not necessarily support remote payment. Left to choose for themselves, industry research suggests that 7% of payers will input the wrong bank details
- Customer reference numbers – These are known by many different names - account number, bill number, and customer reference number amongst others. They can be found anywhere on the bill, and the number required by the biller is not always in the same format as that printed on the bill. For these reasons customer reference numbers are notoriously difficult to enter accurately and data entry error rates are estimated at 6%

The solution

There are various ways of validating the sort code and bank account number, but not many online banking applications check whether the name of the biller is valid, whether the validated sort code and account number are correct for that biller, and whether the customer reference number is in the correct format for that biller.

Nationwide addresses this validation requirement by using Bank Wizard for Bill Payments from Experian Payments. Bank Wizard for Bill Payments comprises a comprehensive and accurate database of information on more than 1800 billers across the UK including card operators, telecommunications companies, utilities and local authorities. Nationwide has found that Bank Wizard for Bill Payments addresses the key problems caused by common data entry errors:

Biller's name – Bank Wizard for Bill Payments enables the user to access a specific biller by name or category. By selecting a name from a menu rather than relying on free format data entry, the user knows that the biller name is valid

Biller's bank details – Bank Wizard for Bill Payments inserts these automatically into the account number and sort code fields based on biller name, eliminating all the errors of data entry when these fields are completed by the user

Customer reference numbers – Bank Wizard for Bill Payments provides hints for finding and entering the required customer reference number. It will specify what the number is called, where it appears on the bill and whether it needs to be entered in full or in part

The Bank Wizard for Bill Payments database lies behind transactions made by every Nationwide customer, populating fields with the correct data where possible. Eixperian Payments has a dedicated Data team who pro-actively and regularly check the information held on the database with the registered billers. They also obtain physical examples of the biller's stationery to ensure that the 'hints' provided remain accurate. Nationwide update the Bank Wizard for Bill Payments database on a weekly basis using Experian Payments' online update facility. This ensures that they are always using the most up-to-date information.

Conclusion

Nationwide deployed Bank Wizard for Bill Payments within its online banking systems in August 2004 and has found the software to eliminate almost all the sources of error at the point of data entry by the user. As a result, the process of making bill and standing order payments is much quicker, thereby improving the online banking experience for all Nationwide users. Edwin Davis comments: "Online banking statistics show that users will quickly move away from an online service that is not easy and effective to use. I believe that using Bank Wizard for Bill Payments in our online banking product will help secure Nationwide's position as the industry leader. User tests have shown that finding a biller from the 1800 plus on the Bank Wizard for Bill Payments database is simple, the hint for the customer reference number is extremely useful, and users like the layout of the page and the speed of entry. But the main advantage is the accuracy of payment and standing order details, and the knowledge that a team at Experian Payments is continuously maintaining the database with regular updates to the biller details. Also, any amendments to details are automatically applied to recurring payments without the user needing to know.

"Incorporating Bank Wizard for Bill Payments into our systems has resulted in a reduction in the delays and costs of handling errors. In fact we are so pleased with the software we are also using it to validate data entry by our own staff throughout Nationwide, both in branches and at telephone centres, whenever a new payment is set up. Bank Wizard for Bill Payments is proving invaluable to both our company and our customers."

Edwin Davis
Online Services Development Controller
Nationwide

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