

News from FedACH

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Q&A: ANDREW J. McDEVITT

5

The American Payroll Association and Direct Deposit



DIRECTO A MÉXICO

2

Promotional campaign launched

NEWS KIOSK

3

AAP EXAM TIPS

3

WHAT'S COMING UP

4



CUSTOMER IN THE SPOTLIGHT

BankAtlantic

Convenience and Service that 'Wow' Customers

Beginning with just a single office in Fort Lauderdale in 1952, BankAtlantic is now one of Florida's oldest and largest financial institutions. With 78 stores—the term BankAtlantic uses when referring to its locations—throughout Florida, BankAtlantic prides itself on being "Florida's Most Convenient Bank." As the only Florida bank open seven days a week (with some locations open until midnight) BankAtlantic knows how to provide customers with exceptional service and a unique customer experience each time they enter one of its stores. Much evidence confirms the success of this approach. BankAtlantic recently announced that it had opened more than 500,000 new checking and savings accounts since January 2002.

When we talked with Tony Gautney, senior vice president and manager of relationship sales support at BankAtlantic, he explained that this unique customer experience might best be compared to the

experience one has when walking into his or her favorite coffee shop fully expecting exceptional customer service.

Finding Its Niche

With 25 years' experience in cash management, Gautney started BankAtlantic's cash management services in 1998 and acknowledges that BankAtlantic's core remains its small and micro-business customers. With that understanding, the approach has been to provide cash management products similar to those of the largest banks but with that "down-home, intimate touch of a community bank." With convenience as a cornerstone of the institution, BankAtlantic makes its cash management products available through an Internet-based solution known as CashLink Web. The application provides corporate customers with a number of cash management products. Naturally, key among these products is ACH origination supporting a

variety of applications or payment types including direct deposit of payroll, pre-authorized bill payments, cash concentration and disbursement, state and federal tax payments (EFTPS), and child support payments.

BankAtlantic serves as the Originating Depository Financial Institution for approximately 325 business customers, and that business is constantly growing. While BankAtlantic sees the value in providing ACH origination capabilities to its customers, the institution never loses sight of the importance of closely monitoring this business and the customers it serves. As Gautney explained, BankAtlantic has a formal credit policy for ACH originators, reviews each customer before agreeing to provide ACH services, and even establishes debit and credit limits for originators. "We believe firmly that what we have uniquely as a banking franchise is access to the payments system. We feel obligated to do things around

CUSTOMER IN THE SPOTLIGHT

that access. We're facilitating our business customers' access to the payments system, but only in an environment that's secure for both of us."

The Value Proposition

BankAtlantic's support of ACH is evident when Gautney says, "We understand the value proposition of electronifying payments—many providers charge much the same price for electronic and paper transactions, and in some cases the price for electronic payments is higher. That's quite amazing. We encourage electronic transactions by making them affordable for businesses—that's just part of our strategy."

To effectively serve the needs of its customers, both business and retail, BankAtlantic conducts an annual evaluation of its product offerings to determine additional products that might be needed. Once the decision is made to offer a new product, BankAtlantic works to quickly roll out that product and its benefits. One example of this nimble reaction to customer needs is the development of a Convenient Switch Kit, designed to provide new customers with all the tools they need to switch existing Direct Deposit and Direct Payment arrangements from an existing account to a new BankAtlantic account.

More recently, BankAtlantic embarked on a project to become a processor for Mastercard Remote Payment and Presentment Service (RPPS), initially serving as its own concentrator for loan payments. According to Gautney, the goal is to build on that experience and eventually become a concentrator

"We're facilitating our business customers' access to the payments system, but only in an environment that's secure for both of us."

for BankAtlantic's lockbox customers. Recognizing that many consumer bill payments are shifting from lockboxes to online bill payment arrangements, BankAtlantic plans to offer its corporate customers a service that will bring the two payment types together for processing.

Innovative Approaches

Another way BankAtlantic assists its corporate customers in efforts to promote ACH transactions is through its Perks@Work program. This program provides a total and complete solution for corporate customers as well as their retail customers. Through Perks@Work, employers are able to promote Direct Deposit of payroll and other banking benefits to employees using tools provided by BankAtlantic. As part of the recently announced partnership between BankAtlantic and the Florida Panthers hockey team, Gautney plans to promote Direct Deposit to that organization and its employees through Perks@Work. As the "Official Bank of the Florida Panthers," BankAtlantic will have new opportunities to promote its products and services at the sports venue nightly, expanding its reach to Panthers fans.

Whether promoting ACH services at a hockey game or in one of its south Florida stores, it is evident that BankAtlantic's strategy of enhancing the convenience and efficiency of doing business with "Florida's Most Convenient Bank" is working. Consider us wowed!

Directo a México

The Banco de México and the Retail Payments Office (RPO) of the Federal Reserve Banks have developed a promotional campaign to foster consumer awareness of banked remittances and the FedACH InternationalSM Mexico Service. The name of the campaign, Directo a México, literally means "Direct to Mexico" and is intended to better communicate the product's features to the service's end users.

The Banco de México and the RPO have jointly created promotional materials that are available to depository financial institutions. Banks can use these materials to

promote Directo a México as a product available to their consumer customers.

Beginning September 2005, FedACH customers already using the FedACH International Mexico Service will receive a free promotional kit. The kit contains electronic files of Spanish-language materials that the institution can brand with its logo, name, and address. Kits include a brochure, poster, lobby/tent card, and text of a 30-second radio spot. The kit also includes a guide to promoting Directo a México as well as a comprehensive overview of the remittance market in Mexico.

For more information on Directo a México, please contact your local FedACH[®] sales specialist.



Directo a México is a service mark of the Federal Reserve Banks and the Banco de México.



- Beginning September 18, 2005, subscribers to FedACH Information Services will have access to an expanded database of ACH items. The item database will increase from 60 calendar days to 60 business days, meaning that FedACH customers can research older ACH items. In addition, returns and notifications of change (NOCs) can now be derived from items received during the previous 60 business days.
- As of September 30, 2006, customers will no longer be able to access FedACH Services via DOS-based FedLine®. Prior to that date, all FedACH customers will be converted to either the FedLine Web or FedLine Advantage™ access solutions. Those customers completing their conversions to either access solution by March 2006 will avoid price increases for DOS-based FedLine access. If your institution has not yet scheduled its conversion, or if you have questions about either access solution, contact your local FedACH sales specialist.
- As FedACH customers convert from DOS-based FedLine, they will now have three means of handling Treasury reclamations older than 60 business days. These three options are available: (1) use a vendor software package with the functionality needed to process the aged items; (2) send payment via check to the respective Disbursing Office; or, (3) send a paper request to the appropriate FedACH Central Operations Support site for processing. For those customers choosing option 3, the \$15 fee normally charged for paper returns will be waived.
- A dozen banks are testing the Fed’s risk origination monitoring service that lets ODFIs set debit and credit caps at the batch level. Caps can be applied for one or more company IDs across the ODFI’s entire ACH origination. Phase 1 will run through January 2006. The risk service will be available to all ODFIs by February 2006. For more information about the pilot or features of the service, please contact your FedACH sales specialist.

FedACH SALES SPECIALISTS

Each of these regional account executives is an ACH resource expert and is dedicated to helping customers find just the right FedACH solution. We encourage you to contact the sales specialist for your district.

Atlanta	Nedelka Bell	305.471.6472
Boston	Jean Fisher, AAP	617.973.3218
Chicago	Michael Cronkhite	312.322.2145
Cleveland/St. Louis	Susan Bivens	901.579.2405
Dallas	Matt Davies, AAP	214.922.5259
Kansas City	Joni Hopkins, AAP	620.221.2712
Minneapolis	Marilyn Coleman	612.204.6964
New York	Thomas Goodman	201.531.3637
Philadelphia	Carol Chartrand, AAP	215.574.3414
Richmond	Della Tate, CTP	410.576.3384
San Francisco	Dorothy Williams, AAP	801.322.7948

AAP EXAM TIPS

October 18, 2005 is coming soon. Do you know...

- What an 820 or an 835 Transaction Set is
- The four types of ACH risk
- The deadline for submitting a report of a possible ACH rules violation
- Authorization and notification requirements for various SEC codes
- Who can originate a Death Notification Entry
- The timeframes for returns, dishonored returns and contested dishonored returns
- The disclosure requirements of Regulation E
- Whether numeric fields within an ACH file must be right justified or left justified
- For which SEC codes are addenda records mandatory
- The retention requirements for the source document of an ARC entry

WHAT'S COMING UP

OCTOBER 2005

The AFP® Annual Conference

October 9–12, 2005 San Antonio, TX
www.afponline.org

UMACHA's Navigating Payments 2005

October 13–14, 2005 Brooklyn Park, MN
www.umacha.org

Mid-America Payments Conference 2005

Making Payment Systems Understandable
October 24–26, 2005 St. Louis, MO
www.mpx.org

SWACHA's Brave New Frontiers in Electronic Payments

October 26–27, 2005 Irving, TX
www.swacha.org

NOVEMBER 2005

Institute of International Payments

Nov. 29–Dec. 2, 2005 Atlanta, GA
www.nacha.org

DECEMBER 2005

ALACHA's 15th Annual Corporate ACH Conference

December 1, 2005 Birmingham, AL
www.alacha.org

JANUARY 2006

NACHA's Global Electronic Payments Conference

Understanding Market Variables & Opportunities for
Future Success on the International Stage
January 16–17, 2006 Rome, Italy
www.nacha.org

BECOME A FINANCIAL SUPERHERO

FedACH Information Services can turn you into a financial superhero and help you put your FedACH powers to work for your organization. Now you can navigate a sea of data in a single click and produce reports on the fly. Sounds incredible, right? When you subscribe to FedACH Information Services, you can harness the information you need when you need it.

With FedACH Information Services, you are able to instantly track, research, and account for your FedACH activity as well as derive returns and NOCs using a database containing the last 60 business days of ACH items.

Visit www.frbservices.org at any time to attend a free, informational online seminar that will show you how various areas within your organization can benefit from FedACH Information Services. Find out how other depository financial institutions have been empowered, and see how you can begin to take advantage of the functionality available to FedACH Information Services subscribers.

To sign up for access to FedACH Information Services via FedLine Web, contact your local FedACH sales specialist soon. And one last thing—you'll have to buy your own cape.



CUSTOMER SUPPORT INFORMATION

For FedACH Customers in these Districts

Boston (1)
New York (2)
Philadelphia (3)
Cleveland (4)
Richmond (5)
Atlanta (6)
Chicago (7)

Central Operations Support Site

**Federal Reserve Bank
of Atlanta**
1000 Peachtree Street, N.E.
Atlanta, GA 30309-4470
Toll Free: 866.234.5681
Local: 404.498.8902

For FedACH Customers in these Districts

St. Louis (8)
Minneapolis (9)
Kansas City (10)
Dallas (11)
San Francisco (12)

Central Operations Support Site

**Federal Reserve Bank
of Minneapolis**
90 Hennepin Avenue
P.O. Box 291
Minneapolis, MN 55480-0291
Toll Free: 888.883.2180
Local: 612.204.5555



As manager of government relations for the American Payroll Association (APA), Andrew J. McDevitt recently shared with us his thoughts about Direct Deposit. He shares the perspective of payroll administrators, a group of professionals well represented by the APA. McDevitt has been with the APA for two years, having previously worked for a payroll service provider in California. He is responsible for monitoring payments issues such as Direct Deposit and payroll cards as well as child support payments made by wage garnishment, wage and hour laws, data privacy and security, and immigration laws and regulations. While the APA stakes its claim as the nation's leader in payroll education for over 20 years, McDevitt has his own claim to fame—he has visited every state capital except for Juneau, Alaska, and every U.S. territory but American Samoa.

American Payroll Association

How would you describe the membership of the APA? We have more than 22,000 members, the majority of whom work within the payroll departments of mid-size to large employers. Our membership also includes employees of payroll service providers and software vendors.

How does the APA encourage adoption of Direct Deposit among its members? The majority of our members already offer Direct Deposit, so this isn't a challenge. We have an active ACH committee made up of a cross-section of our membership. That committee discusses Direct Deposit and other ACH issues and promotes the standardization of laws and regulations nationwide. Annually, we publish *The Guide to Successful Direct Deposit*, and our monthly *PAYTECH* publication includes a column titled "Direct Deposit Directions." Also, as part of this year's National Payroll Week—Sept. 6–10—the APA promoted Direct Deposit and all its benefits.

For a payroll administrator, what do you see as the primary benefits of Direct Deposit? Payroll professionals are busy people who want to reduce the administrative burden associated with paper paychecks. Direct Deposit alleviates the need to purchase, store, and monitor check stock. There is no need to print, mail, or otherwise distribute paper checks, and payroll staff no longer needs to concern itself with manual tasks surrounding replacement of lost or stolen paychecks.

What do you find to be the single most impressive statistic surrounding Direct Deposit? There are many statistics about Direct Deposit, but one stands out. Based on a recent APA survey, 71 percent of employees with access to Direct Deposit choose to use it.

What concerns or objections might employees have about Direct Deposit? We hear a wide variety of responses to this question and similar ones. Some employees do not have bank accounts. Others may have a fear of the banking system or concerns about privacy. And, finally, there are those employees who just love to receive a tangible, paper paycheck.

How might an employer encourage acceptance of Direct Deposit among employees who are reluctant to try it? It can be as simple as telling employees about the cost-saving potential for the company. Another option is to offer employees an enrollment incentive such as a gift card to their favorite coffee shop. In an indirect way, payroll cards have proven to be effective in promoting Direct Deposit.

Can you further explain the role of payroll cards and how they may lead to the acceptance of Direct Deposit? Payroll cards are generally well received because the employer deposits money into an account linked to the card, and the employee can use the card for purchases or ATM withdrawals. Some employees even split their pay among multiple payroll cards for the purpose of funding a college student or to otherwise assign their pay. But perhaps the most interesting effect of instituting payroll cards has been the willingness of employees to sign up for Direct Deposit. After all, if they are able to open an account on their own, and their employers—within states that allow them to mandate Direct Deposit—give them a choice of either Direct Deposit or a payroll card, many employees opt for Direct Deposit.

Turning back to the payroll administrators, we often hear about the challenges of using Direct Deposit for hourly payroll processing. Would you anticipate a positive reaction to the availability of a same-day ACH? Our membership would be ecstatic to hear of the availability of a same-day ACH service. It would make Direct Deposit a feasible option for hourly payroll. The later cutoff time for depositing an ACH file would provide timely pay for hourly staff and would also provide payroll administrators with the ability to adjust the payroll for an employee who suddenly terminates employment.

Do you have any closing thoughts on Direct Deposit? I would just say that payroll professionals are very interested in electronic payments, especially Direct Deposit, and are looking for ways to promote their use. They share an appreciation of the cost savings and other benefits of Direct Deposit.

FedACH SERVICES PERFORMANCE MEASURES

Year-to-Date through 2nd quarter 2005

Performance Quality Measure

99.86 % **Transaction files processed and available timely**

Online transaction files processed and delivered electronically by the scheduled delivery times

99.98% **ACH service availability (uptime)**

Percentage of time FedACH service was available

100% **Research and trace requests resolved timely**

Accounting and billing research requests and trace requests concerning ACH items or files responded to within 24 hours

FedACH Volume Statistics

	Volume (000)	Dollar Value (000,000)
Commercial Forward Value Items Originated	3,567,471	\$6,243,497
Government Forward Value Items Originated	502,462	\$1,606,689
Commercial Return Items Originated	45,800	\$24,343
Government Return Items Originated	3,905	\$4,339
Total Commercial and Government Non-Value Items Originated (includes NOCs, DNEs, ENRs, prenotes and zero-dollar entries)	51,344	N/A
Total Items Originated	4,170,982	\$7,878,868

HELPFUL HINTS

Did you know that FedACH Information Services via FedLine Web or via FedLine Advantage provides a quick and easy way to access information on the status of your originated files? As a subscriber, you can quickly get a snapshot of your input files. Information is available as soon as a file completes processing, and you have real-time access to important and useful data. Files, batches, or items requiring your attention can be easily identified and accessed through powerful links to detailed information. This detailed information allows you to pinpoint errors via our "ACH Rule," which displays the specific record generating the error condition along with a detailed description to help you resolve the error. You can print or download this information for audit purposes.

If you have any questions about FedACH Information Services, please contact your FedACH sales specialist.

The screenshot displays a 'Processing Summary' report for FedACH. It includes a table with columns for 'Rejected Files', 'Rejected Batches', and 'Rejected Items/Batches', along with their respective counts and dollar values. Below the table, an 'Item Reject Reason Information' section shows an error message: 'DR064-ZERO AMOUNT ON ENTRY DETAIL'. A red arrow points to the 'TRANSACTION CODE = 22 TRACE NR ON ENTRY' field. The 'Item Information' section provides details for the entry, including Originator ABA, Receiver ABA, Individual Name, and Trace Number.



FEDERAL RESERVE
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1000 PEACHTREE STREET, N.E.
ATLANTA, GEORGIA 30309-4470

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