

# News from FedACH

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## CUSTOMER IN THE SPOTLIGHT

# Cass Commercial Bank

## Reducing Paper and Costs with Cross-Border ACH



Headquartered in St. Louis, Mo., Cass Commercial Bank has consistently proven its ability and willingness to respond to a changing market since first opening its doors in 1906 as Cass Avenue Bank. Just nine years after starting off in a rented storefront with opening day deposits totaling \$51,100, the bank grew and transformed into a trust company, Cass Bank & Trust Company. As one of the first banks in the St. Louis area to offer free parking for customers, Cass Bank & Trust soon found that the surrounding area was becoming less residential and more commercial. As a result, the bank shifted its focus increasingly toward serving area businesses and even adopted the slogan, "Regardless of your needs, come to Cass when you want to talk business." As the needs of area businesses grew, so did the service offerings of Cass Bank & Trust. By early 1967, after being one of the first banks in the United States to use computers to

process payroll checks, Cass Bank & Trust had processed over one million payroll checks for more than 350 area companies using the bank's automated payment plan.

### Local Business Leads to New Service Offering

At the same time, Cass Bank & Trust began to market its freight payment plan—a service designed to simplify the payment of freight bills for area truck terminals, service garages, and transfer points—to companies throughout the country, and in 1975, a division of Cass Bank & Trust, known as Cass Transportation Services, was started. Incorporated as Cass Information Systems, Inc. in 1984, this startup division of the bank would eventually become the bank's largest customer and holding company and would provide Cass Bank & Trust with a business case for international ACH payments. But first, in 1998, Cass Bank & Trust Company once more changed its

name to Cass Commercial Bank to reflect its ongoing commitment to serving businesses in the St. Louis area.

According to Sandra Hatchett, AAP and vice president of bank operations for Cass Commercial Bank, there are now five branches in the St. Louis area and one branch near Anaheim, Calif., following a 2004 acquisition. With assets of \$383 million, Cass Commercial serves primarily manufacturers, privately held companies in both the greater St. Louis area and Southern California, churches and ministries, and of course, Cass Information Systems. With 24 years' experience in the banking industry and 21 of those years at Cass Commercial, Hatchett manages all back office processing, including ACH, wire transfer, item processing, Internet banking, and more.

### Finding the Perfect Solution

In March 2008, Cass Commercial Bank began using the FedACH International

## CUSTOMER IN THE SPOTLIGHT

Canada Service to send payments to Canada on behalf of its largest customer, Cass Information Systems, Inc. (CIS). As a service provider for many Fortune 500 companies needing to send thousands of payments to Canada each month for shipping and freight bills, CIS found that payments destined for Canadian companies were often physically delayed at the border. There were reports of checks taking two or three weeks to reach the intended recipients in Canada. According to Hatchett, "For Cass Commercial Bank, also facing a corporate initiative to reduce paper, the solution was clear. We needed to make it possible for CIS to originate ACH payments to Canada." Since sending its first cross-border ACH transaction to Canada, Cass Commercial's ACH origination volume to Canada has grown by more than 1000 percent, with December 2008 payments of nearly \$7.5 million.

With transaction volume growing so rapidly from a single customer, the bank has not yet begun to promote cross-border ACH to other customers, but Hatchett is confident that Cass' many commercial customers represent significant opportunities for volume growth. With the experience of implementing international ACH for its largest customer, Cass Commercial is well-equipped to handle similar needs for other customers in the future.

Further drawing on the experiences of Cass Commercial Bank and CIS and their joint implementation of cross-border ACH to Canada, Hatchett notes that, "The move

"For Cass Commercial, also facing a corporate initiative to reduce paper, the solution was clear. We needed to make it possible for CIS to originate ACH payments to Canada."

from paper checks has virtually eliminated the time previously spent researching missing items, reduced the volume of customer service calls, and resulted in improved cash management." She confirmed that the bank has not encountered any difficulties with returned payments, despite differing rules in Canada and the United States, but that this comes as no surprise given that CIS' payments are credits to Canada receivers. While CIS had come to depend upon the float model that surrounded the flow of paper checks to Canada each month, the decision to eliminate

the paper from the payments cycle was seen as a driving force behind the decision to move to electronic payments.

### Possibilities Appear Limitless

As mentioned earlier, it is Hatchett's view that the bank has significant opportunities to increase its international ACH transaction volume, particularly when considering the Sept. 18, 2009, implementation of the International ACH Transaction (IAT) SEC code. Many of the same types of payments (e.g., shipping and freight bills) are already being sent to Mexico by Cass Commercial customers via other payment mechanisms, but the bank has deliberately deferred implementation of an ACH service to Mexico until after the IAT implementation next fall. Once that service is made available, Hatchett expects that the bank's ACH payments to Mexico could grow at a rate comparable to that of the payments now going to Canada. And, with the availability of the IAT SEC code, Cass Commercial Bank will likely see ACH origination to countries other than Canada and Mexico. After more than 100 years of responding to changing markets and providing customers with the right solutions to their needs, Cass Commercial will continue to do so, working with its customers along the way.

## Two Months to Promote Electronic Payments

April and May are PayItGreen Month and National Direct Deposit and Direct Payment Month, respectively, and we encourage you to take full advantage of these opportunities to promote electronic payments to your customers. Both consumers and businesses may be looking for an easy way to help the environment this year. Now is the perfect time to let them know that they can do that, and save time and money, by using Direct Deposit and Direct Payment.

Just one individual choosing Direct Deposit over a paper paycheck will save almost a pound of paper every year. In fact,

if every employee who had access to Direct Deposit used it, we would save an additional 11 million pounds of paper, and avoid releasing 32 million pounds of greenhouse gases into the atmosphere each year, according to a 2009 survey by PayItGreen.

**PayItGreen**™   
Good for the Environment. Good for You.

There are also good reasons to promote Direct Payment along with electronic billing

and statements. If 100 average U.S. households switched to electronic bills, statements and payments, that action would save 660 pounds of paper and eight trees in a single year. Companies offering Direct Payment to their customers also benefit from reduced expenses and better cash management.

Visit [electronicpayments.org](http://electronicpayments.org) and [payitgreen.org](http://payitgreen.org) to find more information about promoting electronic payments along with calculators that allow businesses and consumers to compute their environmental and financial savings as well as their carbon footprints related to payments.

## NEWS KIOSK



■ If you are interested in attending a teleseminar about FedACH Risk Management Services or FedEDI Plus, there are nearly 40 opportunities to do so throughout the remainder of 2009. With calls on both topics scheduled every month, we hope you can find the session you need, when you need it. Visit [https://events.frb services.org/ep\\_web/Dsp\\_eventlist.cfm](https://events.frb services.org/ep_web/Dsp_eventlist.cfm) for the latest updates and online registration. Registration will be available approximately two months in advance of session dates.

■ On March 30, 2009, the Federal Reserve Banks implemented large volume pricing for FedACH receivers. Any FedACH receiver with more than 5 million receipt items per month from the Federal Reserve Banks is eligible. Contact your FedACH sales specialist or account executive for more information.

■ For the latest information on the FedACH International Mexico Service, Directo a México, check out the Directo a México tutorial at [www.directoamexico.com](http://www.directoamexico.com). Developed by Banco de Mexico, the Federal Reserve Bank of Atlanta, and the Institute for Mexicans Abroad, the tutorial provides instructional, up-to-date, multimedia information about Directo a México. Information on the site is directed toward the general public and financial institutions as well as toward Mexican consular offices and others who may be interested in promoting the service.

■ Are you looking for a way to help your corporate customers make the switch to offering Direct Deposit to their employees? Thanks to NACHA and the Marketing Management Group, businesses can now plug just six pieces of data into an online calculator to determine the potential savings associated with Direct Deposit. Direct your corporate customers to <http://www.electronicpayments.org/businesses/bs.direct-deposit.calculator.php> today.

## FedACH SALES SPECIALISTS

Each of these 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.

<b>Atlanta Boston New York</b>	<b>Nedelka Bell, AAP Lance Wagner, AAP</b>	<b>954.436.2402 816.881.2498</b>
<b>Chicago Minneapolis San Francisco</b>	<b>Dorothy Williams, AAP Lance Wagner, AAP</b>	<b>801.322.7948 816.881.2498</b>
<b>Cleveland / St. Louis</b>	<b>Susan Bivens, AAP</b>	<b>901.496.0626</b>
<b>Dallas</b>	<b>Matt Davies, AAP</b>	<b>214.922.5259</b>
<b>Kansas City</b>	<b>Lance Wagner, AAP</b>	<b>816.881.2498</b>
<b>Philadelphia</b>	<b>Carol Chartrand, AAP</b>	<b>215.574.3414</b>
<b>Richmond</b>	<b>Della Tate, CTP</b>	<b>443.725.4675</b>

## DID YOU KNOW?

### FedACH Customers Find Wealth of Information in FedLine

■ FedACH Services conveniently archives all ACH file, batch, and item information in FedLine for extended periods of time. Your organization can access detailed file and batch information—both originated and received—for up to 10 business days after the items have been processed by FedACH. Item information, which comes in handy when deriving returns or notifications of change, is available for 60 business days.



All this information is right at your fingertips. For more information, visit our e-learning Web site at <http://learn.frb services.org/fedach/index.htm> or contact your FedACH sales specialist today.

■ Receiving depository financial institutions (RDFI) have access to the RDFI File Alert service as part of their monthly FedLine Customer Access Solution subscription. This risk monitoring tool provides notice of unusual conditions within an RDFI's incoming FedACH files, helping to alert the RDFI to potential fraud attempts and/or significant origination errors. For more information, visit [FRBservices.org](http://FRBservices.org) or contact your FedACH sales specialist to discuss.

## WHAT'S COMING UP

### APRIL 2009

#### PayItGreen™ Month

Promote electronic payments as a way to help the environment. Visit [www.payitgreen.org](http://www.payitgreen.org) for information on the environmental impact of choosing Direct Deposit and Direct Payment.

#### Southern Financial Exchange's 19th Annual Conference & Expo

April 20–22, 2009      Tunica, MS  
[www.sfe.org](http://www.sfe.org)

### MAY 2009

#### Direct Deposit and Direct Payment Month

Visit [www.electronicpayments.org](http://www.electronicpayments.org) for information on ways you can promote awareness of Direct Deposit and Direct Payment during May and throughout the year.

### JUNE 2009

#### ACH Super Days 2009

June 2–3, 2009      Westborough, MA  
[www.neach.org](http://www.neach.org)

#### The Payments Institute West

June 14–18, 2009      Scottsdale, AZ  
[www.nacha.org](http://www.nacha.org)

## FedEDI PLUS SERVICE ENHANCEMENTS

As of April 27, 2009, FedACH customers will have access to three new reports and an untranslated, machine-readable file, each of which can be set up to generate automatically. FedEDI Plus customers will see the following new options on the FedEDI Plus DFI or Customer Maintenance screens.

Receiving depository financial institutions (RDFI) can obtain a Death Notification Report that translates and provides information for each death notification entry received. Also available for RDFIs will be the Customer Transaction Activity Report that shows types and numbers of FedEDI Plus reports generated for receivers.

For originating depository financial institutions (ODFI) and RDFIs, the ACH Routing Number Activity Report provides summary-level information for all transactions—originated and received—processed by FedACH Services for the specified routing transit numbers. This monthly report is categorized as a premier FedEDI Plus report and is priced accordingly. (Please refer to the fee schedule on page six.)

Receivers can obtain the Payment Data Information File that contains machine-readable, untranslated payment-related information for receivers with EDI-compatible accounts receivable systems. This file will enable receivers to automatically post and close open accounts-receivable items and to realize the benefits of straight-through processing. For more information on FedEDI Plus, visit [frbservices.org](http://frbservices.org).



## 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

## Payment Reporting Builds Credit



Michael Nathans is an executive vice president of MicroBilt Corporation and the founder and chief development officer of Pay Rent, Build Credit Inc., dba PRBC® and *Payment Reporting Builds Credit*®, a national credit bureau. Nathans has more than 25 years of finance and risk management experience.

PRBC was launched in 2002 to supplement automated underwriting and risk-based pricing decisions using bill payment data such as rent, utilities, phone, and other commonly recurring monthly payments that are missing from traditional credit reports and scores.

PRBC works with its business partners to assist them in creating promotional tools for their customers and expects to expand the available tools in the future as a result of the recent merger with MicroBilt. Visit [www.prbc.com](http://www.prbc.com) to find out more.

**What circumstances led you to found *Payment Reporting Builds Credit (PRBC)*?** In the late 1980s, automated underwriting systems (AUS) were being criticized for rejecting “thin” and no-file (TNF) applicants, many of whom were minorities, even if those applicants had no bad credit and paid certain recurring bills—rent, utilities, phone, cable, insurance—on time. These types of bill payments are generally not reported to the big three credit bureaus and, as a result, TNF applicants were at a disadvantage along with the lenders wishing to do business with them.

We saw an opportunity to level the playing field for these applicants and assist lenders in their efforts to fairly and accurately assess applicants. By collecting information on traditional bill payments or “trade line” information (it isn’t nontraditional data; everyone pays these bills) in a credit bureau where it can be securely stored, appended to other bureau information, scored, and reported electronically into AUSs, consumers and lenders can benefit from more complete and accurate credit reports and scores.

**What differentiates PRBC from other, more traditional, credit bureaus?** PRBC accepts bill payment information from two unique sources, in addition to traditional reporting by lenders and service providers. The first of these sources are electronic bill payment systems operated by financial institutions and non-banks. In addition, we accept information reported by consumers and verified by an independent third party using well-defined procedures to mitigate risk of fraud. PRBC has recently become a division of MicroBilt Corporation, and financial institutions and businesses report payments electronically to the MicroBilt PRBC Repository under a Fair Credit Reporting Act-compliant agreement. As MicroBilt subscribers, authorized users of credit reports and scores can access a consumer’s PRBC file directly or through an authorized reseller.

**How might you describe the target audience for PRBC?** Our audience comprises all consumers with a social security number or individual tax ID number, small businesses with an employer ID number who pay bills, and authorized users of credit reports and

scores. Consumers and small businesses benefit from fair and equal access to credit, while lenders and service providers are able to identify and serve a broader segment of better credit-worthy consumers.

**What growth have you seen in consumer enrollments with PRBC?** PRBC has more than 3 million accounts in its repository and expects this number to grow substantially as consumers seek to establish or rebuild a credit history. Growth will also stem from lenders seeking to better manage risk by using bill payment data as an indicator of the ability and willingness to make on-time payments, particularly for credit-inactive applicants (i.e., those with closed accounts).

**How can use of the ACH network, in conjunction with PRBC, assist consumers in building their payment history?** The PRBC Repository is set up to accept electronic bill presentment and payment (EBPP) data transmitted via ACH because it is the most cost-efficient and accurate way to create and build trade lines and payment histories to supplement what is traditionally reported to credit bureaus. This supplemental information—whether positive or negative—protects consumers from being overcharged for lack of a positive payment history and from being granted more credit than they can safely handle.

**Is it reasonable to conclude that banks and credit unions may be able to increase their ACH origination volume by promoting PRBC to consumer and business customers?** Yes. Financial institutions could advertise to their existing and prospective DDA holders an offer to help them supplement their credit reports and scores by paying their regular, recurring bills online through the financial institution’s site. Through this value-added service, the consumer’s credit score is improved without taking on new debt, and ACH origination volume increases.



While every depository financial institution (DFI) in the country has been counting down to the Sept. 18, 2009,

implementation of the International ACH Transaction (IAT) SEC code, the Federal Reserve Banks have been upgrading FedACH International Services. This suite of services, now rebranded as FedGlobal Services, is designed to meet the global payments needs of FedACH customers following the IAT implementation.

As of Sept. 18, 2009, FedACH customers will continue to benefit from the existing service to Canada and Mexico, and they will be able to send and receive commercial credit payments to and from Panama. In January 2010, FedGlobal Services will begin to offer international ACH services to more than 60 countries in Europe and Latin America.

FedGlobal Services will continue to offer payments between bank accounts and will allow for funds from accounts at a U.S. DFI to be picked up by receivers at either a bank location or at a trusted, non-bank third-party provider in certain destination countries. Additionally, FedGlobal Services will afford customers the following choices in foreign exchange options:

- U.S. dollars can be converted to a variable amount of destination currency based on a highly competitive exchange rate;
- The transfer and receipt of payments can be completed in U.S. dollars. This option will be available for Canada and Panama, and will eventually expand to include more countries where U.S. dollar accounts are permitted; and
- A fixed amount of origination currency is received in the same fixed amount of the same currency. This option will allow DFIs to manage their own foreign exchange rates.

If you have questions and would like to learn more about FedGlobal Services, contact your FedACH sales specialist.

Origination	
Item in small file (<2,500 items)	\$0.0030
Item in large file (≥2,500 items)	\$0.0025
Receipt Item	\$0.0025
Addenda Record	\$0.0010
Web-derived Return / NOC	\$0.30
Facsimile Exception Return / NOC	\$30.00
Voice Response Return / NOC	\$3.00
Information Extract File Subscription	\$35.00 / RTN / Month
Account Servicing	\$37.00 / RTN / Month
FedACH Settlement	\$37.00 / RTN / Month

**FedACH Risk Origination Monitoring Service**

Monitoring Criteria (per set of criteria)	
For sets 2-20 per Month	\$8.00 / Month
For sets 21-150 per Month	\$4.00 / Month
For sets 151 and above per Month	\$1.00 / Month
Batch Monitoring	\$.0025

**FedEDI Plus**

Standard Scheduled Report	\$0.20/report
Standard On Demand Report	\$0.75/report
Premier Report	\$10.00/monthly report
Encrypted e-mail	\$0.20/e-mail

**FedACH International Services**

Item Originated to:	Canada	\$0.0390 (surcharge)
	Mexico	\$0.67 (surcharge)
	Austria, Germany, Switzerland, United Kingdom	\$2.00 (surcharge)
Return Received from:	Canada	\$0.77 (surcharge)
	Mexico	\$0.69 (surcharge)
	Austria, Switzerland	\$5.00 (surcharge)
	Germany, United Kingdom	\$8.00 (surcharge)
	Same day Recall of Item – Canada Service	\$4.00 / \$7.00
Item Trace - Canada Service		\$3.50 / \$5.00
Item Trace - Mexico Service		\$11.50

<sup>1</sup> Refer to [www.frbsservices.org](http://www.frbsservices.org) for additional details



**FEDERAL RESERVE  
RETAIL PAYMENTS OFFICE  
1000 PEACHTREE STREET, N.E.  
ATLANTA, GEORGIA 30309-4470**

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