Return Item Notification
Regulation J Amended

In February 1983, the Eleventh Federal Reserve District began a Return Item Pilot program in order to test the feasibility of, among other things, returning unpaid items directly to the institution of first deposit and providing notification on all large return items ($2500 or more) to institutions of first deposit located in the Eleventh District.

Recently, the Board of Governors of the Federal Reserve System announced an amendment to Regulation J—Collection of Checks and Other Items and Wire Transfer of Funds—to improve upon the requirement that payor depository institutions provide notice when they are returning unpaid large dollar checks presented through the Federal Reserve.

Though the new notice of nonpayment will require some operational modification, the Federal Reserve Bank of Dallas and its Branch offices will continue the practice of sorting to the institution of first deposit under the terms and conditions of the Return Item Pilot. Pricing of return items will remain the same for Eleventh District financial institutions.

Under the conditions of the amendment change, the Eleventh District will initiate payor large dollar notifications only upon receipt of the return check in a special envelope on a special return item letter. Paying institutions will be required to make a separate sort of large items by a noon deadline in order for the District to meet System notification deadlines. Special envelopes and return item letters will be furnished prior to the Oct. 1, 1985, effective date of this amendment.

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Charles Hunter, Manager, of the Return Items Division and Chairman of the Eleventh District's Task Force to implement the notification requirements included in the amendment to Regulation J states, “The amendment is intended to influence the practice of some depository institutions of delaying a depositor’s ability to withdraw funds deposited by check by reducing the risk on such items. The Eleventh District has been providing notification service to the Eleventh District institutions since 1983.

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Customer Assistance Services

By 8:00 a.m. they are at their desks. Around 8:15 a.m., the telephones start ringing. By 5:00 p.m., they probably have handled over 100 calls. Some days, it's twice that many.

They are the Dallas Fed's Customer Assistance Representatives and since January of this year, they have worked to answer questions and help solve problems for over 800 financial institutions connected to the RESPONSE network. The Federal Reserve Bank of Dallas and its Branch offices are currently involved in increasing the awareness of the importance of serving customer needs. An ongoing effort to provide assistance to users of the RESPONSE network is one of the major components of offering responsive customer assistance in this District.

To meet this goal, plans began for a Customer Assistance Group in mid-1984. Serving as project manager is Jim McCullin—who was chosen from the Bank's Data Services Department to organize the group and get it operational by January 1985.

According to McCullin, "When we saw how large the RESPONSE network was becoming, we realized the need for a centralized support facility. We wanted to make using the network as easy as possible for the participants."

Serving as Customer Assistance Representatives for the group are Candace McCullough and Kathleen Hatfield. They have the most contact with financial institutions because they are the ones responsible for answering hundreds of telephone calls and serving as liaisons between operating departments and network users. "I guess our main activity is answering questions," says Hatfield. "We try to answer as many questions as possible. If we can't, we find out who can." According to McCullough, "Some people want long answers, some short. We try to gear our responses to help them as much as we can. Most people just want to be sure they are doing the procedures correctly."

Stan McAnelly serves as the RESPONSE network coordinator. He is the central contact point for financial institutions wishing to join the network or for those already connected who want to upgrade their computer equipment. He also is responsible for the weekly training sessions conducted at the Dallas office for new RESPONSE participants.

Bob Boyanton serves as the group's technical trouble-shooter and assists in developing and implementing new and enhanced RESPONSE applications. He also trains institutions in the use of dedicated-line equipment.

Vicki Underwood is the office administrator and keeps track of institutions as they come on-line. She also serves as a back-up to the Customer Assistance Representatives to handle calls during peak periods.

As the group approaches its one-year anniversary, McCullin reflects on its success. "It is especially gratifying to know that our group has been able to lessen our customers' problems utilizing the RESPONSE network, and at the same time help the Bank's operating departments concentrate on the things they do best."

Financial institutions interested in the RESPONSE network should contact Stan McAnelly at (214) 698-4322. Institutions already connected to the network can reach the Customer Assistance Representatives at (214) 698-4250.

Members of the Customer Assistance Group are Candace McCullough (foreground); Kathleen Hatfield; Jim McCullin, Manager; Stan McAnelly; Vicki Underwood; and Bob Boyanton.
Dallas Fed Adds Education Specialist

The Federal Reserve Bank of Dallas has established a consumer and economic education program. Under the direction of Sue Lynn Sasser, Education Specialist, the program is designed to heighten the public's understanding of economic principles, money and banking, consumer economics, and the purposes and functions of the Federal Reserve System. The Dallas Fed's support of economic and consumer education is an outgrowth of the Bank's mission to serve as an informational leader in the community.

Since joining the Bank's Public Affairs Department in February, Sasser has worked primarily with Centers for Economic Education affiliated with the Joint Council on Economic Education (JCEE). JCEE is a national non-profit organization that coordinates a network of centers at more than 260 colleges and universities throughout the nation. Sasser has conducted workshops for elementary and secondary teachers at several of the centers located across the Eleventh Federal Reserve District. In addition, the Bank hosted a one-day seminar entitled "Teachers' Day at the Fed" in July for educators participating in a JCEE program at North Texas State University. Plans are underway for similar seminars to take place this fall with other centers.

In addition to working with these groups, Sasser has participated in inservice programs with school districts in the Dallas/Fort Worth area and the State Professional Conference for Vocational Home Economics Teachers in Texas. In-depth training sessions for county agents with the Texas A&M Cooperative Extension Service also are planned for this fall and spring.

In addition to conducting workshops and training sessions, Sasser guides the development and distribution of educational materials and teaching aids for use in grades kindergarten through 12, plus adult continuing education courses. One such project is a slide presentation on the history of money in Texas to be used in conjunction with the Texas Sesquicentennial and in Texas history classes.

Sasser has a bachelor's degree in journalism and a master's degree in Professional Services in Home Economics from Central State University, Edmond, Oklahoma, and a doctorate in Consumer Sciences from Texas Woman's University, Denton, Texas. Before joining the Fed, she worked as a program evaluator with the U.S. General Accounting Office in Dallas.

Return Item, cont.

“For financial institutions in the Eleventh District there will be no additional charge for telephone, online or Fed-initiated wire notifications on items handled for collection by the Federal Reserve,” Hunter added.

For large dollar return items not handled for collection by the Federal Reserve, the Reserve Bank will make the necessary operating changes to receive telephone or wire notifications on these items from paying institutions within the Eleventh District. The Bank will pass these notifications on to the institution of first deposit and will charge the payor institution the proposed $2.25 for originating the notification through their network or $4.25 for notification over the telephone.
ACH Capabilities Upgraded

On September 6, new ACH '84 software was installed at the Dallas Fed to process ACH (Automated Clearing-House) transactions at greater speed and accuracy than the ACH '76 model software. The new software provides a basis for additional automated devices to be added in the future.

Data is moved through the EFT (Electronic Funds Transfer) process in basically two ways. The first method involves an electronic transmission wire made between two points through networks such as FRCS (Federal Reserve Communication System). Large dollar amounts involving a handful of transactions account for the bulk of this activity. The second method moves entire files of funds data such as corporation payroll runs. This method (ACH) is used to move small dollar amounts in large volumes.

Since the benefits of speedy ACH delivery accrue to both sending and receiving parties, originating and receiving institutions share the nominal expense of these services which are provided by the Feds. Each individual debit or credit processed costs from 1 cent to 7.8 cents to both the sending and receiving institutions.

A new software system is installed every eight to ten years with special package modifications ordinarily made once or twice a year depending on when the designer makes improvements to its existing system, or as regulatory actions require changes to be made.

The Federal Reserve System currently uses a Bulk Data Transmission Utility (BDTU) software system, designed by the Dallas Fed, to send large volumes of data between Feds. BDTU was designed to "enhance electronic capabilities between financial institutions and the Feds in an effort to save manitime during processing of ACH items and to cut costs for those institutions," stated Larry Ripley, Assistant Vice President of the Payments Mechanism department.

The BDTU is an important development in the telecommunications technology world because it offers faster, more accurate ACH processing, transmission of large volume reports to the Board of Governors, transmission of account information between Feds, and transmission of data files between Feds.

Financial institutions already on the RESPONSE network can hook up to this electronic software system service for a nominal sum of $100.00. Those interested should contact Larry Ripley at (214) 651-6118 for further information.