Fed "Gets the Picture" with Check Imaging

Imaging Offers Plenty of Benefits

This special issue of The Check Exchange focuses on check imaging, which the Federal Reserve Bank of St. Louis will unveil in the first quarter of 1996. With the introduction of check imaging, the Fed will be able to assist both large and small institutions in taking the next step toward complete electronic check presentation. The five main benefits of imaging are discussed in the story below. Page 2 outlines the imaging products and prices that the St. Louis Fed will offer. On Page 3, we answer some key imaging questions, and Tim Brown, the Fed’s project manager, offers his perspective on the service. Finally, on Page 4, banks and customers already familiar with imaging talk about the advantages of the service. This page also contains ordering instructions for a free imaging brochure and video.

Imaging can comprehensively and affordably implement your check operations. To learn more, or to sign up for the service, call your Federal Reserve account executive at 1-800-333-0810, ext. 8680 or locally at (314) 444-8680.

Why should banks convert to check imaging? Here are five good reasons.

1. Reduced Paper Handling: Your backroom no longer will have to process, file or store checks. Instead, the Fed will capture your checks through an image scanner and store digitized pictures of both sides in a computer data base. The imaged checks will be delivered to you on CD-ROM or magnetic tape.

2. Reduced Costs: With check imaging, you will be able to save on postage, processing and handling—cost reductions that will help position your institution competitively for the future.

3. Enhanced Cash Management Services: You will be able to provide your cash management customers with an online history of their check transactions on CD-ROM. This valuable service will enable your customers to retrieve checks instantly, as well as archive checks using their own equipment. The corporate image-enhanced products can be a source for additional fee income.

4. Speedier Check Retrievals: Researching and retrieving check information the old way could take days. With check imaging, you can reduce the process to a matter of minutes.

5. Easier Archiving: Archiving imaged checks on CD-ROM takes only a fraction of the room as storing physical checks.
Check Imaging Products and Prices

The Federal Reserve's check image service can be used with either the MICR Presentment Plus or truncation services. MICR Presentment Plus provides electronic presentment of your cash letter with delivery of the physical items one to three business days later. Truncation provides electronic presentment with the physical items truncated at the Federal Reserve.

Basic Image Capture
Basic image capture is a prerequisite for all delivery options. This service includes the capture of the front and back of the checks presented to you by the Fed, by another financial institution or over the counter. Captured images are stored on the Fed's archive system for 60 days and are available for retrieval via one or more of the image delivery options below.

Minimum Daily Fee $5.00
Per Item $0.002

Direct Presentment and Over-the-Counter Items:
Per-Item Surcharge $0.007

Image Delivery Options

Recurring Image Delivery
You have the option of receiving a file containing images for all of your items or only a selected portion of your total items based on your predefined parameters, such as a dollar amount or a range of account numbers. Images can be delivered on CD-ROM or 3480 magnetic tape, or transferred electronically to a PC workstation. You choose the delivery frequency.

Minimum Fee $5.00
Per Item $0.005
Media Fee (per CD-ROM or magnetic tape) $17.00
Parameter Maintenance Fee $10.00

Individual Image Delivery
For periodic requests, the Fed can deliver an imaged copy of a single check straight to your fax machine. These items may be requested through Fedline, fax or phone, by calling our Special Payments Unit.

Fedline/Fax $1.00
Telephone $2.00

Image-Enhanced Corporate Services
Even if you are not one of our electronic check presentment customers, we can still image-capture items for your corporate customers. A CD-ROM can be created for you that contains images of all checks within a reconciliation period. Your corporate customers would be able to view and manipulate their check images on a standard PC with a CD-ROM reader, giving them complete access to their check images on an ongoing basis for research purposes. The fees listed below are for basic image capture of your corporate items.

Minimum Fee $5.00
Per Item $0.009

Other Features
A powerful Windows-based workstation software is available for viewing a CD-ROM. Users can perform data base searches using criteria such as account number, dollar amount and check serial number, as well as sort the results in a user-specified order and view the associated images from the CD-ROM. Image manipulation functions include: zooming, rotating, switching between the back and front of the image, printing and copying to clipboard. Images can be retrieved and viewed from either a locally connected or LAN-connected CD-ROM drive. There is a one-time software license fee per workstation.
Shop Talk Answers to Your Questions

Q. What is the minimum level of equipment my financial institution needs to participate in the Fed's check imaging service?

A. A fax machine or PC equipped with a fax modem board and a laser printer is the minimum amount of equipment required to receive individual or recurring image deliveries.

Q. What is the customer acceptance rate for image statements?

A. Most financial institutions that offer their customers image statements indicate that the customer acceptance rate has been very high, as high as 99 percent. Customers appreciate image statements, which have their paid items neatly arranged in check number order with dollar amount, date and check number listed below each image. Statements such as these can be sent to the customer on standard-sized paper, with holes already punched into them, so the customer can easily organize them in a binder.

Q. Can I send my over-the-counter items to the Fed for image capture?

A. Yes. We will need your items for at least 24 hours to capture the images. The items will then be returned to you or stored at the Fed if you are a truncation customer.

Checking in with Tim Brown

T he check imaging services being offered by the Federal Reserve Bank of St. Louis provide a great opportunity for financial institutions to begin taking advantage of image technology without a significant capital investment, says Tim Brown, manager of the Financial Services Sales & Support Department and project manager of the St. Louis Fed's check imaging services.

Brown, who joined the St. Louis Fed two years ago after spending six years at the New Orleans Branch of the Federal Reserve Bank of Atlanta, is excited about his involvement in providing such a valuable product to customers.

"Imaging is one of the hottest applications to hit the check clearing industry in a long time," Brown says. "It can offer a financial institution the opportunity to drastically reduce its expense base while providing a real value to the end-user.

"With a wide range of customized output options, our image product line offers a variety of choices, all of which provide the opportunity to reduce the operational expense associated with handling paper checks. Financial institutions can combine our check truncation services with imaging to provide their customers such services as image statements. Institutions also can benefit from enhanced cash management services through the delivery of imaged checks on CD-ROM. Implementation of these products generally produces some internal cost savings for the bank, fee-income opportunities and improved customer loyalty."

Brown and his staff have developed a number of educational tools to promote the use of imaging, including a video and a brochure (see back page for ordering instructions). He encourages customers to contact their Federal Reserve account executive to learn more about our imaging services.
What They're Saying About Check Imaging

Independent Banker, June 1994:
"Image systems offer the opportunity to strengthen customer relationships through improved products and services, as well as the opportunity to attract new business for larger banks."

Tom Mennell, senior vice president and general manager, Texas Commerce Bank, Dallas:
"The value of the product is far beyond what we thought it would be. We've never seen a product so universally accepted. A bank that ignores image and doesn't take advantage of opportunities to get into image that the Federal Reserve presents, ultimately, is going to be a fish out of water."

Martin Carpenter, CEO, First National Bank of Sharp County, Ash Flat, Ark.:
"Imaging is more efficient and can add to the volume of checks without adding personnel. We think imaging gives us an advantage over larger regional banks because it gives us more flexibility at the customer level."

Geraldine Peebles, customer, First National Bank of Sharp County, Ash Flat, Ark.:
"If I moved, I certainly would look to see if image was provided by my new bank because it's so much easier and convenient to use. I can glance through a page with 12 checks, and within a couple of flips, I've seen the whole month's statement."

Steve Rose, manager, Cherokee Village Water Association, Cherokee Village, Ark.:
"We write several hundred checks a month. It's so much easier to deal with a few sheets of paper instead of a stack of checks. I have called the bank on several occasions to verify a check, and the response time seems to be quicker with imaging."

Free Video, Brochure Available

The Federal Reserve Bank of St. Louis has produced a 10-minute video that outlines the advantages of converting to check imaging. The video features case studies and customer testimonials from other banks. Also, the St. Louis Fed recently sent institutions a check imaging brochure that includes product descriptions and prices.

To request either the video or extra brochures, free of charge, call Frank Blacharczyk at (314) 444-8960 or toll-free at 1-800-333-0810, ext. 8960.

Please note: This is the final issue of The Check Exchange. A new publication, containing more information about all of our financial services, will take its place in 1996. Stay tuned for more information on this new publication.

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