



ELECTRONIC CURRENTS®

Truncation Now Available

On April 8, 1991, the St. Louis Fed began offering a new service called Check Truncation. With this service, you receive check information from the MICR line of checks, and the Fed handles the processing and provides safekeeping of the actual paper items. MICR line data and related totals can be delivered to you over Fedline or Bulk Data or on magnetic tape. The Truncation MICR data file includes: ABA Routing Transit Number, account number, check number, dollar amount and unique sequence number.

The Federal Reserve will microfilm your checks and place them in safekeeping for 90 days. The microfilm is then stored for seven years. The Fed handles cash letter balancing, correcting rejects, and validating account numbers. If desired, you may request a photocopy or information on an item and have it delivered in a timely manner. If you want to return an item, the Fed will retrieve the check, qualify and dispatch the return, and make the large-dollar notification if necessary.

Truncation offers these benefits:

- Reduced check-processing costs,
- Lower postage costs,
- Elimination of check storage,
- Reduced capital expenditures for equipment and
- Reduced personnel and computer resource requirements.

If you are interested in Truncation, contact Customer Support at 1-800-333-0869 toll-free or 314-444-8640.

All-Electronic ACH: Opportunities and Alternatives

In support of the Federal Reserve System's plan to require electronic delivery of all commercial ACH payments, Fed St. Louis piloted a workshop entitled **All-Electronic ACH: Opportunities and Alternatives**. This one-day workshop was designed to give participants all the information necessary to select the appropriate electronic connection for ACH delivery. Fedline and FLASH-Light software were demonstrated and discussed in detail.

One participant stated, "As a low-

volume institution, information on day-to-day operation of an electronic connection was very useful." Another participant, who observed the Fedline software demonstration, stated, "I was surprised at how easy the software is to use."

Additional workshops will be conducted throughout the Eighth District in Third Quarter 1991. If you currently receive your ACH transactions on a magnetic tape or paper listing, watch your mail for an invitation to the workshop nearest you.

All-Electronic ACH: An Update

An update on the Federal Reserve Bank's all-electronic ACH initiative is a new addition to each issue of *Electronic Currents*. This initiative involves plans to improve the reliability and efficiency of the Automated Clearinghouse (ACH) Service by requiring electronic delivery of all commercial ACH payments. The following is a status report of the number of off-line ACH endpoints that converted to an electronic connection in the first quarter. We will keep you informed of our progress each quarter as well as the progress of the Federal Reserve System.

EIGHTH DISTRICT ZONE	# OF OFF-LINE ENDPOINTS		NUMBER OF CONVERSIONS
	DEC 90	MARCH 91	
Missouri/Illinois	285	271	- 14
Arkansas	114	106	- 8
Kentucky/Indiana	60	58	- 2
Tennessee/Mississippi	119	114	- 5
EIGHTH DISTRICT TOTALS	578	549*	- 29
FED SYSTEM TOTALS	7,788	7,207	- 581

*Number of commercial ACH endpoints left to convert in the Eighth District before the All-Electronic ACH sunset date of July 1, 1993.

CURRENT QUESTIONS & ANSWERS

QUESTION: How can I make my TT&L deposit if I run out of TT&L Advice of Credit forms (Treasury Form 2284)? Is it okay to enter the data on Fedline or EDITH without using a form?

ANSWER: The IRS provides you with pre-encoded 2284 forms for reporting tax deposits made at your institution. The Deposit ABA, IRS Branch Code, Transmittal Serial Number, Amount, and Advice of Credit Date must be entered on Fedline or EDITH exactly as they appear on the Advice of Credit (2284) form. It is **very important** that the data entered on Fedline or EDITH comes from a valid Advice of Credit form which is submitted to the IRS.

The Treasury recommends that you reorder forms when you reach a 60-workday supply. If you run out of Advice of Credit forms, **DO NOT** make up the data (i.e., IRS Branch Code or Transmittal Serial Number). Contact the Fed's TT&L department at 1-800-333-0810, extension 8510, for further instructions.

QUESTION: I have heard that Fedline version 2.3 will be released in the upcoming months. Since I am presently using version 2.1, will I be able to upgrade directly to version 2.3 without installing version 2.2?

ANSWER: Yes. You will be able to upgrade from Fedline version 2.1 directly to version 2.3. We expect to pilot the new software in June.

QUESTION: When should I use the "Uncollect Bond Orders" command in the Savings Bond application?

ANSWER: Use the "Uncollect Bond Orders" command when a bond order has been omitted from a group of orders that is ready to be sent, or when an exported or transmitted file is not successfully transmitted to the Federal Reserve Bank. This command **should not be used** in cases where an order has been created, verified, and queued in error. The uncollect command will **not** prevent an erroneous order from being queued at a later time and an order cannot be changed after being uncollected, since it has already been verified. It is helpful to browse an order after it has been created to assure that all information is correct before it is verified. Savings Bond files will remain on your terminal for four days after they are created.

QUESTION: How can I tell the status of Bond orders and files?

ANSWER: Once a bond order is created, it will have the status of 'ET' (Entered Transaction). After it is verified, its status will change to 'DN' (Done). The order will have the 'DN' status after it has been queued, sent and for four days after it has been created, allowing you to see a previous day's order when using the "Browse Bond Order" option. Once a file is created, it will have the status of 'TQ' (Queued for Transmission). After the file is sent, it has a status of 'TC' (Transmission Completed).

Are You Using TT&L on Fedline®?

Many Fedline users are already realizing the benefits of using the Treasury, Tax and Loan (TT&L) application on Fedline. Are you one of them? If you have a Fedline terminal in place, but are not using this service, you may be missing out on some important and convenient TT&L functions.

Fedline customers can electronically transmit federal tax deposit information (Advice of Credit) to the Federal Reserve Bank and inquire about any withdrawal and investment transactions affecting their TT&L accounts. The TT&L application on Fedline allows you to:

Enter Advice of Credit deposits directly into your TT&L account which allows timely processing of deposits to your TT&L account and eliminates late fees and penalties due to mail delays.

Inquire into pending withdrawal and investment transactions which gives you TT&L charges or credits that will affect your reserve account.

Inquire into all transactions posted to TT&L accounts on the current day or up to 45 days prior which assists with reconciliation of TT&L activity.

TT&L on Fedline lets you perform these functions for your own institution or others. In addition, all correspondent reports and advices for withdrawals and investments are **automatically** sent from the TT&L system to your Fedline terminal. And best of all, TT&L on Fedline is simple to use and requires virtually no training. The EAS department can supply you with a brief "TT&L Fedline Tutorial" if you do not already have one.

If you would like to begin using the TT&L application on Fedline, please contact the EAS hotline at 314-444-8711 or toll-free at 1-800-333-0861. The TT&L application can be set up and ready for use within two business days.

Remember These Security Tips

Spring is always a good time to clean out the cobwebs, refresh your outlook and assess your surroundings. The Federal Reserve Bank's Information Security staff is doing just that. Because it's probably been months since your Fedline Local Security Administrator (LSA) attended training, we'd like to revisit some of the data security-related tips presented during those sessions. Please review these with your Fedline operators.

- Never leave a signed-on terminal unattended.
- Never allow operators to share sign-on IDs and passwords.
- When choosing a password, do not use names or items easily associated with you such as your child's, spouse's, or pet's name, or any birth dates, anniversaries, etc.
- Never write a password down.
- Take reasonable measures to ensure that your PC is protected against power surges and outages.
- Understand which computer applications represent critical business functions and back up that information regularly.
- Store backups and original data in separate locations.
- Prepare a contingency plan in case your PC fails or becomes unavailable.
- Encourage security awareness within your institution.
- Make sure your Local Security Administrator has a trained backup. If the LSA's local user ID is suspended, the backup is the only person authorized to update that ID.
- Remember, local user profile information and passwords can only be modified by an authorized LSA.
- Host IDs and passwords can only be modified by a Federal Reserve Information Security Administrator. For assistance call 314-444-8711 or 1-800-333-0861.

Why Balance? What All Fedline® Users Need To Know

One of the most important and essential steps in your daily procedures for the Funds Transfer and Securities Transfer Applications should be balancing. Daily balancing procedures ensure timely posting of customer's accounts, prevent daylight overdrafts and expedite investigation of backdated problems. The main objective of balancing is to verify that your PC has sent and received all transactions to and from the FRB host computer.

Use the "Create a Message" function to request host balancing reports. This requires a connection through Message Traffic (Session #1). The Host computer report will display your institution's Eighth District transactions. Local report requests, on the other hand, are not sent to the host and display only the transactions your PC has processed. Sole use of these reports to balance is not recommended; however, these reports can *supplement* daily balancing procedures.

The following suggested Balancing Reports for the Funds Transfer Application can be accessed through

the "Create a Message" function:

- *Lterm Totals*—Provides totals of all debit and credit transactions processed for your specific Lterm. (We suggest requesting this report throughout the day.)
- *Account Summary*—Allows you to request totals for an individual customer.
- *Monitor Balance*—Provides your account's provisional balance.
- *Detail Transfer Summary*—Contains detailed information on incoming & outgoing wires; used to resolve discrepancies in batch or terminal grand totals.

Suggested Balancing Reports for the Securities Application include the System Balance or Terminal Balance reports. These reports can be requested throughout the day and assist in end-of-day reconciliation.

Refer to the Fedline User Guide under 'Securities Host Service Functions' and 'Funds Host Service Functions' for more information.

Same-Day Settlement

The Same-Day Settlement implementation of ACH, TT&L and Savings Bonds 37/38 wire types, which was scheduled for May 3, 1991, has been delayed for approximately 60 days. Therefore, you will continue to receive 37/38 type wires for the ACH, TT&L and Savings Bonds activity through the Funds transfer system for at least 60 days after the May 3, 1991, deadline.

A revised 37/38 wire conversion schedule will be forwarded to you in two to three weeks. If you have questions regarding the delay, please contact one of the following individuals:

ZONE

St. Louis &
Little Rock *Dan Horton*, Customer Support 1-800-333-0869
Louisville *Gerard Mattingly*, Accounting (502) 568-9292
Memphis *Cleo Owens*, Accounting (901) 523-7171/ext. 342

A Success Story: Old National Bank of Centralia

What would you do if one of your corporate customers approached you with questions about ACH origination? We asked Ginny Winkeler, of Old National Bank of Centralia, Illinois, how she handled such an ACH inquiry. Here are some highlights from our conversation:

What hesitations did you have regarding ACH origination and how did you resolve them?

We were concerned about our liability as an ACH originator and about making the software programs work. We resolved our concerns by talking with representatives from our local ACH association for information on the NACHA Rules and ACH agreements. They informed us of the responsibilities of the originating company, so that we could educate our customer.

Then we purchased a PC-based ACH software package for our corporate customer. The customer enters the payroll information and provides us with the NACHA file on a diskette. We then take the ACH file and import it to Fedline for transmission to the Fed.

It certainly sounds like this application is working successfully! What now?

We are marketing ACH origination and looking for new prospects!

If your institution needs information on ACH origination, contact the Customer Support Unit at the Federal Reserve Bank at 1-800-333-0869 or 314-444-8629. We will be pleased to assist your institution in becoming an ACH originator or expanding your origination business.

EAS Adds Staff

The Electronic Access Support unit (EAS) recently added two new staff members to support the growing number of Fedline and FLASH-Light users in the District. **Marcia Sims** transferred from the Funds Transfer unit where she worked for seven years and has extensive knowledge of the Funds Transfer System. **Jeanne Kassing** transferred from Information Systems with a background in computer hardware and software and Local Area Networks. These individuals will assist us in continuing to provide a high level of customer support for our electronic connection customers.

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