THE
FEDERAL
RESERVE
BANK of
ST. LOUIS

ELECTRONIC CURRENTS ®

As All-Electronic ACH nears: Will you be ready?

By now most everyone is probably familiar with the Federal Reserve's goal to have all commercial ACH participants electronically connected to its ACH processing centers. After receiving supportive comments on the Federal Reserve's All-Electronic ACH proposal, the Federal Reserve Board approved a plan to convert all off-line ACH participants that send or receive commercial ACH items to electronic delivery by July 1, 1993.

This plan includes significant price increases in mail, messenger and courier delivery fees starting in January 1992 to reflect the Fed's cost of labor-intensive tasks such as preparing magnetic tapes and paper listings for off-line delivery. Off-line fees are expected to increase again in January 1993 as the cost for off-line services is spread over fewer ACH participants. Off-line ACH participants are encouraged to convert to electronic delivery sooner rather than later.

While the July 1, 1993, deadline may seem far away, off-line delivery fee increases are right around the corner. By converting to an electronic connection soon, you'll benefit from significant cost savings and gain access to many other electronic Fed services including Funds Transfer, Savings Bonds, Treasury Tax and Loan and select Check services.

When considering the move to automated delivery of ACH payments, your financial institution may choose installation of an electronic connection (Fedline, FEDLink, Bulk Data, or FLASH-*Light*) or delivery of your ACH payments to a data processor. An account executive will be happy to visit your institution to discuss your delivery alternatives in detail and provide you with a cost analysis based on your financial institution's volume and Fed fees.

The St. Louis Fed is committed to helping all off-line ACH participants implement an ACH delivery solution that meets your needs and requirements. For further assistance, please contact our Customer Support unit at 1-800-333-0869 or 314-444-8680.

The time to start thinking about your ACH delivery alternatives is NOW!

St. Louis Fed Offers On-site Training

In support of the All-Electronic ACH initiative, Fed St. Louis will begin providing ACH-only Fedline training at customer sites. This specialized training session is designed for financial institutions that wish to install Fedline primarily for ACH processing. The training will also include information on daily start-up and shut-down procedures and, if you subscribe to them, MICR services. For only $300, financial institutions can be trained on Fedline in their daily work environment. If you are interested in signing up for on-site Fedline training, please contact your account executive or Customer Support toll-free at 1-800-333-0869 or 314-444-8680.

All-Electronic ACH Update

We continue to monitor progress towards the Federal Reserve's objective to convert off-line ACH endpoints to electronic connections. The following status report refers to the number of off-line ACH endpoints that converted to an electronic connection in the second quarter. Congratulations to the Missouri/Illinois zone for the highest percentage of conversions!

EIGHTH DISTRICT ZONE	# OF OFF-LINE ENDPOINTS		NUMBER OF CONVERSIONS
	MARCH 91	JUNE 91	
Missouri/Illinois	270	245	− 25
Arkansas	106	99	− 7
Kentucky/Indiana	58	53	− 5
Tennessee/Mississippi	114	104	− 10
EIGHTH DISTRICT TOTALS	548	501*	− 47
FED SYSTEM TOTALS	7,207	6,468	−739

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

HARDWARE HINTS

PC Configurations Affect Fedline®

Did you know that your PC's configuration can affect Fedline? Sometimes this can lead to various hardware difficulties. By following the suggestions below, you can avoid time-consuming problems.

After installing Fedline, do not modify the AUTOEXEC.BAT or CONFIG.SYS files used by Fedline. If it is necessary to make changes to either of these files to run other programs on your PC, please contact Electronic Access Support (EAS) first to discuss the modifications. Commands added to these files can load programs or devices into memory, reducing your free memory to less than the 550K requirement. If there is not sufficient memory available, problems such as fatal errors and PC lock-ups will eventually occur.

Your AUTOEXEC.BAT and CONFIG.SYS files may be modified when loading new software or adding hardware to your system. To detect modification to these files, view them *before* and *after* software installation or service to determine if the files have changed.

To view the files on your screen use the **TYPE** command from the DOS C:> prompt.

EXAMPLE:
C:>**TYPE AUTOEXEC.BAT** then press [Enter].
C:>**TYPE CONFIG.SYS** then press [Enter].

If you have any questions about setting up or modifying your PC configurations, call the EAS hotline at 1-800-333-0861.

Protect Your PC From A Virus

Has your computer ever caught a virus? A computer virus is a set of instructions inserted into programs which can damage or destroy programs and data. Often, computer viruses are introduced into computer systems when software from unknown sources are run on a system. Most viruses replicate themselves within the computing system, spreading from program to program.

Good security is essential to protect your hardware, software and data from a virus. You can decrease the risk of a virus infection by:

- educating your users about viruses;
- using only licensed programs on the computer system; and
- isolating critical systems from outside programs such as software downloaded from public bulletin boards, software used off-site (at home) which may have been infected, and software that was not obtained from the original diskette(s).

Deleting Files From Flexport

If your institution copies incoming ACH and MICR files onto your PC's hard drive (referred to within Fedline as device type "IDENTIFY"), your files are copied to the **Fedline Flexport directory**.

Files are usually copied to the Flexport directory for uploading purposes but are not automatically deleted during Fedline cycle date roll-over. If you do not delete these files, they will accumulate and reduce disk space which can cause fatal errors and other problems during Fedline processing.

File maintenance of the Fedline Flexport directory is very important; in fact, your daily Fedline procedures should include deleting files from the Flexport directory. We suggest the following procedures:

At the "C" prompt type in C:\>**cd/Flexport** and press [Enter]. You are now in the Flexport directory of Fedline.

To *print a listing of all files*, enter **DIR >LPT1** and press [Enter].

To *delete files*, enter the command **[DEL]**, space, and the name of file to be deleted (e.g., **DEL AH0627AO.UDT**).

Refer to your DOS manual for additional instructions on file maintenance.

IBM/CompuCom Offer Significant Savings

Thinking about purchasing a new personal computer for Fedline applications? IBM recently informed the Federal Reserve Bank that it is offering a PC purchase program in cooperation with CompuCom Systems to provide IBM PS/2 models 70 and 80 and peripherals at significant savings. In addition, from now until December 31, 1991, IBM is also offering a trade-in allowance on certain IBM, Apple and Compac PCs. For a free brochure detailing the IBM/CompuCom offer, please contact your account executive at 314-444-8680 or Electronic Access Support at 1-800-333-0861.

XT Support Changing

Support for XT-type computers (personal computers with 8088 or below processors) was originally built into Fedline to ease the transition from FEDNET and to allow customers to fully depreciate their machines. With the support, many customers were able to convert to Fedline in a more timely manner because they did not need to immediately purchase new hardware.

Since its introduction in 1989, Fedline has continued to grow—in both services offered and complexity. We learned in our recent Fedline Customer Satisfaction Research questionnaire that customers using XT-type machines were less satisfied with Fedline than customers using other PC configurations because of processing speed and equipment reliability. Also, customers answering the research questionnaire expressed interest in adding more functionality and faster processing to future versions of Fedline software. Further, we have seen a shift in the type of personal computer used for Fedline. Many XT-type Fedline customers have upgraded their hardware and new Fedline customers are starting out on a higher-level machine.

For these reasons, the Federal Reserve is planning to discontinue support for XT-type machines after Fedline version 2.3. This means that customers wishing to take advantage of new service offerings and features would need to upgrade to a higher level of approved hardware to utilize future versions of Fedline.

A conversion timeline is being discussed to allow customers to plan for the transition from XT-type machines. We envision support for XT-type machines to continue until mid-year 1993, allowing for the completion of the budgeting and purchasing processes. If you have questions about Fedline certified hardware, or XT-type personal computer support, please contact your account executive or Customer Support at 1-800-333-0869.

Franklin, Murphy and Fedline® Security: What's the Connection?

One of the most frustrating experiences for Fedline users is to realize too late that their financial institution's only Fedline Local Security Administrator (LSA) is on vacation, at lunch or (worse yet) just quit! Like Murphy's Law decrees, this will undoubtedly occur right after your Funds operator has suspended his/her Local User ID.

As we learned in Fedline LSA training, having a trained backup LSA will help keep this situation from rearing its ugly head just when you least expect it.

Take time to ensure that your institution has adequate coverage for Local Security Administration and other Fedline operations. Train backup staff to ensure smooth operations when key Fedline operators are not available to conduct daily operations.

Ben Franklin knew Murphy's Law only too well when he formulated the adage "an ounce of prevention is worth a pound of cure."

Same-Day Settlement Schedule

The revised Same-Day Settlement implementation schedule for the conversion of 37/38 wire types is as follows:

ACH, TT&L and Savings Bonds will be converted on September 20, 1991;

Check Collection, Noncash Collection, Net Settlement and Miscellaneous Transactions will be converted on November 22, 1991.

An announcement to all depository institutions was recently sent to notify them of changes. If you have questions regarding the revised schedule, 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.

Contributors to this issue include:

Frank Blacharczyk, Jackie Brooks, Sarah Buescher, Max Butler, Marilyn Corona, Susan Hackney, Jeff Hatfield, Nancy Kroll, Mary Kuni, Maria Maravelas, Tony Montgomery, Kevin O'Connell, Kathy Paese, Lynn Shiang, Marcia Sims and Gloria Harlan.

FEDLINE *update*

Machine-Readable Statement of Account Now Available

Reserve account statements have been available electronically through the Electronic Information Services (EIS) application for several years. Statements delivered via EIS are sent in "print display" format and can be printed on the Fedline printer or stored on your PC's hard disk. Now you have another option.

Your reserve account statement can now be received in a machine-readable format through your electronic connection for automated uploading and posting. The machine-readable statement is delivered to Fedline during Session #3-File Traffic. The file can be written to either your PC's hard disk or a diskette, and then uploaded to your in-house system for automatic posting of the transactions. This file cannot be printed on your Fedline printer.

The machine-readable Statement of Account is available as early as 6:00 a.m. CST. We will provide you with a copy of the file layout specifications to program your in-house computer to process the file. You will also need to configure your Fedline terminal to recognize the new format. There is no fee for this new service; however, if you elect to continue receiving your Statement of Account two ways (both over EIS and in machine-readable format during Session #3), there is a fee of $20 per month.

If you would like more information about receiving your reserve account statement in the new machine-readable format, please contact Nancy Kroll toll-free at 1-800-333-0810, extension 8708, or 314-444-8708.

Fedline® 2.3 On The Way

In the first quarter, 1991, issue of *Electronic Currents* we previewed the new features and enhancements in Fedline version 2.3. In the next few months you should receive Fedline version 2.3, which will further improve your processing capabilities.

The installation documentation for Fedline version 2.3 differs depending on whether you are currently using version 2.1 or 2.2. For those financial institutions that did not receive version 2.2, it is possible to convert from version 2.1 to version 2.3 directly.

If you are unsure of which version you are currently using, press the **[ALT]** and **[V]** keys simultaneously while in Fedline. The version you are using will be displayed on the screen.

If you have received version 2.2, but have not yet installed it, please contact EAS at 1-800-333-0861 to set an installation date.

Payroll Savings Bonds via Fedline®

Fedline users will soon be able to submit orders for payroll savings bonds to the Fed via Fedline.

In an effort to simplify the issuance of payroll bonds, the St. Louis Savings Bonds Unit has developed BOS (Bond Ordering System), a PC-based software package that can be used to create bond orders which may be transmitted in the same manner as Regional Delivery System (RDS) Savings Bond orders. The software will be available to financial institutions in late August, free of charge. Inquiries should be directed to Jeff Hatfield, 314-444-8707; or Michele Bollinger, 314-444-8705, of the St. Louis Savings Bond Unit.

Is MICR Line Capture Right For You?

Have you considered the Fed's MICR line capture service? MICR line capture service is a payor bank service option that provides early and direct access to account information while streamlining operations. Here's how it works: For each low- and high-speed check item sent to the Fed for processing, we read and capture the MICR line information and deliver it electronically or on magnetic tape. The captured data includes customer account numbers, auxiliary numbers on commercial checks, ABA routing transit numbers, check numbers and dollar amounts.

By incorporating MICR line capture in your daily operations, you'll be able to offer enhanced cash management services to your corporate customers while improving check processing efficiencies in your own operation. Can MICR line capture service work for you? Here's what our customers say:

"Having MICR Line has greatly reduced the amount of time it takes us to process our cash letter, freeing both the proof machine and mainframe to continue with daily procedures. MICR Line is great! We wouldn't trade it for the world." *Debbie Reifschneider, D.P. Manager, 1st National Bank of Waterloo*

"MICR Line is a fast and efficient means of data capture. It interfaces to our application software and memo posts to our customer accounts early in the day." *Mary Lou Smith, V.P. and Cashier, First National Bank of Callaway County*

If you haven't considered the Fed's MICR line capture service, or thought maybe it wasn't for you, perhaps it's time to take another look. Regardless of your financial institution's size, a MICR line capture service can be customized to meet your needs. For more information on how you can take advantage of this valuable service, contact your account executive at 1-800-333-0869, or Gary Auer or Frank Blacharczyk at 1-800-333-0810, extension 8463.

Wire Fraud Alert!

There has been an alarming growth in the number of wire fraud attempts recently. Two major schemes have occurred in almost every Fed District.

Have you heard about the "Philippines" letter? Here's how it works: A financial institution receives a **letter** from one of its "customers" which asks for a **percent** of an account's balance to be wired out, "**rush**" to the **Philippines** and indicates the customer has lost "**tract**" (misspelled in every letter so far) of the account statement. The forged signature is very good (probably because the perpetrator has access to the customer's check) and the real customer is usually someone in the **medical profession** (doctor, nurse, clinic, etc.) or remembers having sent a check to a charity in the Philippines.

Then there's the "FDIC/FBI" scam: A very convincing and persuasive perpetrator calls a **financial institution** and its **corporate customer** to collect information. In some cases, the financial institution or the corporate customer has **supplied information** about procedures, names of personnel, and even codes! Then the perpetrator calls the corporate customer and **poses as an employee of a regulatory agency** (such as the FDIC or FBI) investigating a dishonest employee of the financial institution, or conducting security tests on the wire system. Then, the perpetrator **poses as the customer** and calls the financial institution. Using the code number supplied from the corporate customer, he/she **asks for a transfer of funds** from the customer's account. *The corporate customer has been instructed by the perpetrator to confirm the transaction when the financial institution calls back for verification.*

There are a number of things a financial institution can do to help prevent these losses:

- Look for the Fed's wire fraud broadcasts on your Fedline printers. **Share the Broadcast messages and this article with everyone at your institution.**

An Overview of EIS Reports

The Electronic Access Support (EAS) hotline has received quite a few calls lately about how EIS works on Fedline and what reports are available. Below is a brief description of the data included in each EIS report that is currently available.

Statement of Account—Includes a summary of your account with the Fed. It summarizes your account activity from the prior day and includes the daily position report.

TT&L Call Notification—Provides immediate or ceiling calls, pending calls due, and future day calls along with dates and amounts for your financial institution's (FI) TT&L account.

TT&L Correspondent Withdrawal—Provides TT&L charges for each respondent RTN and the due date of future calls for each respondent.

Advice of Credit Availability or Mixed Cash Letter Advice—Advises a financial institution of checks drawn on another FI and corresponding credit passed on to the depositing FI.

Auto Charge Advice—Advises financial institutions of checks presented to them and the corresponding charges to their reserve account.

Payor Account Totals—Provides summaries of checks presented for specific corporate customers.

Summary of Automatic Charges for Return Items—Advises a FI of checks returned and corresponding charges passed on to the depositing FI.

If you would like to sign up for EIS on Fedline or gain access to additional reports, please call EAS toll-free at 1-800-333-0861 or 314-444-8444, extension 589.

Many Thanks

We'd like to take this opportunity to recognize the following institutions that volunteered their time, patience and personnel to assist EAS in supporting recent contingency tests:

Citizens First State; Arkadelphia, AR
First National Bank; Fort Smith, AR
First Jacksonville Bank & Trust Co.; Jacksonville, AR
First Commercial; Little Rock, AR
First Exchange Bank; Little Rock, AR
Twin City Bank; North Little Rock, AR
Bank of McCrory; McCrory, AR
Bank of Ozark; Ozark, AR
Citizens Bank; Van Buren, AR
Magna Bank; Belleville, IL
First National Bank; Carlyle, IL
Fairfield National Bank; Fairfield, IL
First National Bank; Robinson, IL
First National Bank; Vandalia, IL
Old National Bank; Evansville, IN
State Bank of Salem; Salem, IN
Trans-Financial Bank; Bowling Green, KY
Citizens Fidelity; Louisville, KY
First National Bank; Louisville, KY
Boone County Bank; Columbia, MO
Central Bank; Jefferson City, MO
City National Bank; Moberly, MO
Central Bank Lake of the Ozarks; Osage Beach, MO
American Bank; St. Louis, MO
Boatmens Bank; St. Louis, MO
Roosevelt Bank; St. Louis, MO
Southwest Bank; St. Louis, MO
National Bank of Commerce; Memphis, TN.

CURRENT Q&A QUESTIONS

QUESTION: I recently upgraded to Fedline version 2.2 and noticed that the functions for recurring templates and recurring batches no longer appeared on my menu. Is there some way I can access these options?

ANSWER: To access the recurring options for Funds Transfer and ACH on Fedline version 2.1, you need the supervisory level of access for your local user ID. On Fedline version 2.2, those options are only available to those Fedline users who have been designated with the assistant supervisory access level.

Contact your Local Security Administrator (LSA) to determine if you should have access to the recurring options for Funds and ACH. Your local LSA must update your user profile to assign you Assistant Supervisory access for the Funds Transfer and ACH applications. After the change has been made and you sign on, these options will appear on your menu.

QUESTION: Can I request totals for an individual customer through the Accounting Summary balancing report?

ANSWER: No. You can only request totals for an individual business code.

QUESTION: Periodically, when I establish a host communications session, Fedline gives the following error message: "X1150—Session Synchronization Failure." How can I continue after receiving this error message?

ANSWER: From the Host Communications screen, hit **[ESC]** to continue and re-enter your user-ID and password. Tab to the "Do you want to force re-synchronization? (Y/N):" field, enter "**Y**" and press **[ENTER]**. The screen will respond, "Are you sure? Has the FRB authorized resync of session # ?", enter "**Y**" and press **[ENTER]**. The screen will respond, "You may dial FRB Now."

Contingency Testers Needed

The Federal Reserve System had originally scheduled a contingency test for this May, but due to special circumstances, this test was later cancelled. The System is planning to test during a weekend later this year and will need several financial institutions to participate to ensure we test all of the electronic connection types we offer.

While the idea of going to work for a Saturday contingency test may not seem very appealing at first, it can be very beneficial for your institution in the long term. Here's why:

■ If your institution has not formed a contingency plan yet, testing provides an opportunity to begin thinking about the procedures you need to put in place in the event of an emergency.

■ These tests give you an opportunity to see how the computer system operates in an emergency situation, and how your institution would be affected.

■ If any operational changes are implemented during the test, you will be more aware of these changes and the possible effects on your institution.

If you are interested in participating in a contingency test, please contact Susan Hackney, Electronic Access Support, toll-free at 1-800-333-0861 or 314-444-8711.

Uncollect Bond Orders— Use Caution!

The "Uncollect Bond Orders" function in the Fedline Savings Bond application has caused problems for some customers because this function has led to submission of duplicate bond orders. The "Uncollect" function should be used with caution, and only if you fully understand its implications.

"Uncollect Bond Orders" is similar in functionality to the "Recollect & Queue" function in the ACH application. **It should only be used if you receive a call from the Fed saying that a previously transmitted file has rejected and must be resent.** This function will put previously sent orders back in a "DN" status, so that they may be recollected and sent in a new file of bond orders.

Uncollected bond orders **may NOT be updated!** When this function is used only at the Fed's request, you should not have any problems.

Another important clarification is that the "Uncollect" function will not prevent an erroneous order from being sent. If a bond order file has not yet been sent, and is then uncollected, the file remains queued and will be transmitted regardless. Uncollected bond orders remain in the Fedline system for four business days, and will be collected with newly entered orders on subsequent days. The result is a duplicate bond order. If an erroneous or duplicate bond order is inadvertently sent, contact Electronic Access Support or the Savings Bond Unit immediately.

If you have any questions concerning the "Uncollect Bond Orders" function, call Electronic Access Support toll-free at 1-800-333-0861 or at 314-444-8711.

New Voices In EAS

Since our last issue of *Electronic Currents*, a few more staffing changes have occurred in EAS. **Kevin O'Connell** has replaced **Sallie Brown** and **Marjorie Thedford** has replaced **Sarah Buescher** on the hotline.

Kevin worked in the Check department for 11 years and has extensive knowledge of computer hardware. Sallie has departed from EAS but plans to assist with the on-site training program (see related article) as a trainer.

Marjorie comes to EAS with 20 years of Securities experience and has trained customers in processing Securities on Fedline. Sarah has left the Fed to study law at the University of Notre Dame.

Both Kevin and Marjorie have previous Fedline experience and are anxious to assist you with any Fedline questions or problems that you might have.

Face-to-face with EAS! The EAS team from left to right: (bottom row) Gloria Harlan, Max Butler, and Susan Hackney, (top row) Marcia Sims, Tony Montgomery, Kevin O'Connell, Jeanne Kassing. Missing from photo: Margorie Thedford.

Wire Fraud Alert, continued

- **Alert your corporate customers about the FDIC/FBI scam and request that they notify you of any suspicious activity.**

- Never give out information regarding procedures or names of authorized wire personnel unless you know, or can verify the identity of the person you are talking to.

- Do not act on written transfer instructions because signatures may be forged. Instead, call your customer at a previously established phone number. (On a recorded phone line, of course.)

- If you receive a telephone notice from the Fed about an incoming wire, **call us back** at the phone number we have given you in the off-line procedure book.

If you suspect any request to be fraudulent, immediately call Mary Kuni, 314-444-8715, or Juliet Webb, 314-444-8537, at the St. Louis Fed. Also report fraudulent attempts to your local FBI office.

Hotline Telephone Trivia

Do you ever wonder how many Fedline customer assistance calls the Electronic Access Support (EAS) hotline handles daily? If so, you may find the following statistics to be of interest. The following numbers reflect the Fedline calls processed by EAS during May and June.

	Incoming Calls	Outgoing Calls	Combined Daily Average
May	1,386	1,584	135
June	1,501	1,517	151

Nearly 33 percent of these calls were processed between 8:00 and 10:00 a.m., resulting in longer "on hold" times during this period. For calls that do not reach an EAS operator immediately, the average time a customer remains on hold is 1.8 minutes. The length of a telephone call to EAS can range from less than one minute to two hours; however, the average telephone call lasts 3.9 minutes.

Busy, Busy, Busy!

Do you attempt to connect to the St. Louis Fed's host computer every morning between 8:00 and 9:00 a.m. CST and consistently receive busy signals? Our statistics show that most of our customers try to call in during those times and compete with each other for a connection. In an effort to alleviate this problem and accommodate a greater number of connections to our host system, the St. Louis Fed is planning to add five additional telephone lines in the near future.

In addition, we are currently analyzing customer connect times. We plan to develop guidelines to help determine when it may be appropriate for customers to purchase a faster modem or establish a leased line connection. Look for the results of our study in future issues of *Electronic Currents*.

Important All-Electronic ACH Dates

January 1, 1991	No new non-electronic ACH receivers
July 1	No new non-electronic ACH originators
September 10	All-Electronic ACH Workshop in Little Rock, Arkansas
September 11	All-Electronic ACH Workshop in Memphis, Tennessee
September 13	All-Electronic ACH Workshop in Oxford, Mississippi
September 17	All-Electronic ACH Workshop in Mt. Vernon, Illinois
September 18	All-Electronic ACH Workshop in Louisville, Kentucky
September 30	Financial Institutions that sign Fedline/FLASH-*Light* agreements by this date avoid fee increases for 1992 if Fed can't install connection
October 1	All Feds have ACH return/NOC database
October 8	All-Electronic ACH Workshop in Springfield, Missouri
October 9	All-Electronic ACH Workshop in St. Louis, Missouri
October 10	All-Electronic ACH Workshop in Quincy, Illinois
January 1, 1992	Increase non-electronic ACH fees

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