



ELECTRONIC CURRENTS

Recap: 1992 ACH Prices and Options

When the Federal Reserve announced the requirement that all financial institutions establish electronic ACH access to their Reserve Bank by July 1, 1993, it was noted that the costs of supporting a dwindling number of non-electronic endpoints would undoubtedly rise. Consequently, we announced increased non-electronic input and output fees to recover increasing costs associated with these services in 1992. The fees for paper returns and notifications of change (NOCs) have increased to \$5. Messenger pickup and non-electronic delivery fees have been replaced by a tape input/output fee of \$15 and a paper output fee of \$8. If your institution has an electronic connection with the Fed, you are already realizing cost savings and efficiencies. If not, you need to sign-up now to establish a connection with us.

There are two electronic ACH options available to smaller institutions, Fedline[®] and FLASH-Light[®]. Fedline is a PC-based, menu-driven software product for low- to medium-volume ACH participants that supports receipt and origination of ACH files (as well as other Federal Reserve Services). FLASH-Light, on the other hand, is a receive-only PC-based software designed for low-volume institutions. FLASH-Light is easy to use and does not require that you attend a training class. Fedline or FLASH-Light electronic connections save your institution from paying the higher non-electronic fees for deposit and receipt.

For example, if you deposit and receive your output on tape each day, you pay approximately \$600 per month. With the monthly con-

nection fee of \$65 for a Fedline connection, you could potentially save \$535 each month. A one-time expense of \$2500-\$3000 for hardware plus a \$300 installation and training fee is usually recovered in direct savings in eight to 10 months. Another benefit of Fedline— you can automate the origination of returns and NOCs, rather than sending them to us on paper. This translates into big savings if you originate a large number of these items.

For financial institutions that only receive ACH items, installing an electronic FLASH-Light connection will eliminate non-electronic output fees. For example, if you receive your ACH items on paper every day, your monthly cost is \$160. With the monthly FLASH-Light connection fee of \$30, you could save \$130 a month. Less-sophisticated hardware requirements for FLASH-Light mean a short pay-back period to recover start-up costs, if you receive items daily from the Fed.

Other benefits of an electronic ACH connection include:

- timely posting of ACH payments to customer accounts
- greater processing flexibility
- higher level of security
- improved contingency and disaster recovery capabilities
- access to more Federal Reserve Services than ever before

So why not go electronic as soon as possible? If you would like more information, please call Customer Support or your local account executive at 1-(800)-333-0869 or (314) 444-8680.

Fed to Consolidate Data Processing

The Federal Reserve System recently announced plans to consolidate Federal Reserve Bank mainframe computer processing. Consolidation will improve the Fed's reliability and availability of its critical computer systems, eliminate duplication of resources and equipment and potentially reduce operating costs. In addition, consolidation of processing will allow the Fed to make significant enhancements to its national services. Consolidation will mean significant changes in how the Federal Reserve processes payments and data; however, these changes will not affect your service relationship with your local Fed.

In late summer 1991, three Federal Reserve Bank locations were chosen as automation consolidation sites: Dallas, Texas; Richmond, Virginia; and East Rutherford, New Jersey. The criteria used to select these sites from among 38 potential sites at Federal Reserve Banks and branches included: susceptibility to natural disaster, cost of power, labor force availability, and space availability and suitability. Detailed plans for the consolidation will be completed later in 1992 with a goal of completing the move of all software mainframe applications to the consolidated sites by 1995. Consolidation of Federal Reserve Bank automation is just one of several Federal Reserve initiatives that will significantly improve payments processing. See upcoming issues of *Electronic Currents* on new services and enhancements that will be offered in this new processing environment.

FEDLINE

shortcuts

Deriving an ACH Return Item

The 'Derive a Return' function in Fedline Versions 2.2 and 2.3 allows you to retrieve an ACH item from a file you received over your Fedline terminal, and automatically create a return or notification of change (NOC). It's a real time-saver.

To access this function, select the 'Derive a Return Item' option from the ACH menu screen. The 'ACH-File Search Selection Criteria' screen will appear. Enter the trace number to retrieve the desired item. If the trace number is unknown, you may use the other available search criteria and/or the <F4> key to search through the batch or file. When the item is located, press [ENTER].

The system will respond with **'Generate A Return or a NOC?'**

To create a Return, press 'R'

To create a NOC, press 'N'

The 'return or NOC' data entry screen is displayed and information from the original item is entered into the appropriate fields. Verify that this is the item you wish to return or change. For a return item, enter the return reason code and the 'Returned By:' RTN (i.e. the routing transit number of the institution that is returning the item). For NOCs, enter the 'Change Field(s)', the 'Change Code', and the 'Returned By:' RTN.

When you press [ENTER], the system will respond with **UPDATED** in the lower right hand corner of the screen, and a status of 'VR' will be displayed. The return or NOC item batch is now ready to be collected into a file for transmission to the Federal Reserve. If you wish to derive another return item or NOC, press <F2>.

Tip of the Day

If you have called the Electronic Access Support (EAS) hotline lately and have waited on "hold," you probably noticed a new feature. You now have the ability to listen to a Fedline tip of the day— just push 1. Improvements to our telephone system allow you the option of listening to a brief, helpful hint while on hold. EAS also plans to use this feature to inform you of any system problems. Choosing to listen to the tip of the day will not change your place in the hold queue; calls will still be answered in the order in which they are received.

NOCs Available on EDITH® Soon

EDITH, the Eighth District Interactive Telephone Helpline, is an automated voice response system that allows your financial institution to use a touchtone phone to communicate with our computer at Fed St. Louis. You will soon be able to submit ACH Notification of Change (NOC) transactions to EDITH for processing. If you are submitting NOCs on paper now, EDITH NOCs give you a faster, easier, more cost-effective way to make ACH changes. Paper NOCs for commercial items cost you \$5 per item, while submitting NOCs over EDITH only costs \$1.50. If you have Fedline, you already have a low-cost method of submitting NOCs. EDITH will accept numeric changes only (i.e., account number, transaction code and individual ID number). Alphabetic changes, such as name changes, still must be submitted on paper.

Watch upcoming mailings for more information.

EDITH® Help Desk Introduced

Attention EDITH users! On January 6, a new phone number was activated to provide answers and resolve problems concerning EDITH services, the Eighth District Interactive Telephone Helpline and voice response service. The new EDITH **help desk** phone numbers are: (314) 444-8999 (local St. Louis) or 1-(800)-333-0871 (toll-free), from 7:30 a.m. to 5 p.m. C.S.T.

When you call the help desk, you will first hear a brief message about the current status of EDITH. You'll learn if EDITH is having any operating delays, their nature, and an estimated time for resolution. If this message does not address your question, you will then have the opportunity to speak with an Electronic Access Support technician by simply staying on the phone.

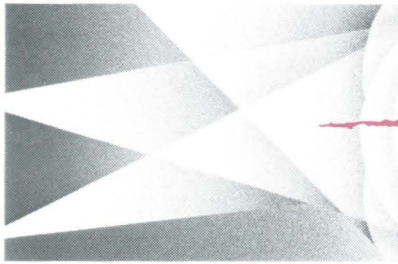
Please note that the numbers you call to transact business with the EDITH system for inquiry and transaction services are not changing. The EDITH **access** numbers remain (314) 444-8701 (local St. Louis) or 1-(800)-333-0870 (toll-free).

The new EDITH help desk service provides you with a central phone number to call for a prompt response to your EDITH questions. It is not required, however, that you call this new helpline if you prefer to call the respective operating department. If you would like more information on EDITH or using the EDITH help desk, contact Customer Support at (314) 444-8680 or 1-(800)-333-0869.

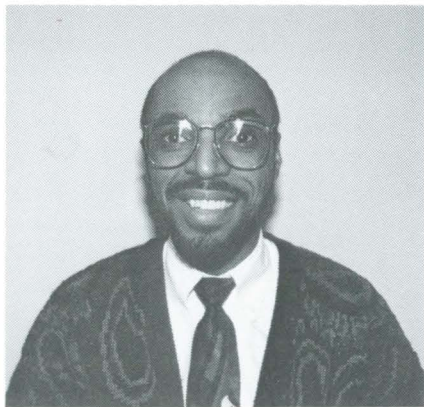
Testing Dates

The Fed is constantly refining its contingency plan with depository institutions and other Federal Reserve Districts. We test this plan throughout the year and **urge your institution to be part of this testing**. Currently, our 1992 testing dates are: week of April 19, week of June 21 and week of September 6.

For further information please contact Susan Hackney, Electronic Access Support, at 1-(800)-333-0861 or (314) 444-8711.



SPOTLIGHT



Langston Scott, an analyst in our ACH department, has worked at the Fed since he was selected for a banking work-study program during high school 16 years ago. In addition to working in the ACH department, he has worked in Accounting and Wire Transfer. Langston currently responds to customer inquiries, trains staff on ACH operations and tests new software releases. When asked what he likes about his job, Langston responds, "I enjoy the challenge of working with various computer systems and responding to customer inquiries."



Kathy Kennerly, a new addition to Electronic Access Support, has worked at the Fed for 18 years. Kathy spent her entire career in the Savings Bonds computer area until just recently. She currently is an operations analyst who answers hotline calls and assists with various responsibilities related to electronic connections. Even though Kathy is fairly new to the hotline, she said she "enjoys troubleshooting and helping customers resolve problems."

All-Electronic ACH Update

Progress continues toward the Federal Reserve's objective to convert off-line ACH endpoints to electronic connections. The following report refers to the number of off-line ACH endpoints that converted to an electronic connection in the fourth quarter. Congratulations to the Arkansas zone for the highest percentage of conversions!

EIGHTH DISTRICT ZONE	# OF OFF-LINE ENDPOINTS		NUMBER OF CONVERSIONS
	SEPT. 91	DEC. 91	
Missouri/Illinois	192	137	- 55
Arkansas	76	54	- 22
Kentucky/Indiana	45	36	- 9
Tennessee/Mississippi	88	70	- 18
EIGHTH DISTRICT TOTALS	401	297*	- 104
FED SYSTEM TOTALS	5,520	4,168	- 1352

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

Load That Software!

If you have received Fedline Version 2.3 software and have not yet loaded it, please install it as soon as possible. If you have not yet received version 2.3 software, you will receive it in the next month or so. ACH rule changes planned for April will affect Fedline ACH users and require that you use version 2.3 software. You can check which version of software you are using by signing on to Fedline and pressing the [ALT] and [V] keys simultaneously.

Many Thanks

Once again we'd like to recognize the institutions that volunteered their time, patience and personnel to assist EAS in supporting the Fed's Contingency test on November 23, 1991:

- State First National Bank, Texarkana, AR*
- Union Bank of Illinois, Swansea, IL*
- First National Bank, Green Forest, AR*
- Union Bank of Benton, Benton, AR*
- First Commercial Bank, N.A., Little Rock, AR*
- Old National Bank, Evansville, IN*
- City National Bank, Murphysboro, IL*
- Peoples Bank, Mt. Washington, KY*
- Twin City Bank, North Little Rock, AR*
- First Commercial Bank, Little Rock, AR*
- Citizens First State Bank, Arkadelphia, AR*
- Magna Bank, N.A., Belleville, IL*
- First Services of N.E. Arkansas, Paragould, AR*
- First National Bank of Fayetteville, Fayetteville, AR*
- Bank of Mississippi, Tupelo, MS*

Fed St. Louis is planning to test changes to its host software during several Saturdays throughout the year. These tests require the help of financial institutions so the Fed can successfully test each type of electronic connection. If you are interested in volunteering to participate in future tests, please contact **Susan Hackney**, Electronic Access Support, at 1-(800)-333-0861 or 314-444-8711.

Contributors to this issue include:

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CURRENT QUESTIONS

the degree of fragmentation, the slower your PC operates during file search and retrieval operations. After using a disk optimizer, a hard drive which had numerous fragmented files can increase its speed and efficiency by as much as 50 percent. Before you purchase or use a disk optimizer, you must ensure that it is compatible with the Disk Operating System (DOS) version on your PC(s). Consult your software vendor about the disk optimizer package that is best for you.

QUESTION: What should I do if I used EDITH to return an ACH item and discover that I returned the wrong item or used an incorrect return reason code?

ANSWER: You should call the ACH department at the Fed in St. Louis at (314) 444-8714 and speak with an ACH inquiry clerk. This person can give you the name and phone number of the originating financial institution so you can request that the item be returned back to you.

QUESTION: Why should I use a disk optimizer on my personal computer?

ANSWER: During normal computer operations, information stored on your hard disk becomes fragmented. That means a file is written at various locations on your hard disk instead of being written to sequential locations. Over time, the files on your hard disk become more fragmented unless you use a disk optimizer to reorganize them. Think of it as sorting pieces of information into a logical order. The greater

Correction

In the fourth quarter issue of *Electronic Currents*, the allotment for daily IAS inquiries was misstated.

Fedline terminals with access to Accounting Services may make the following number of daily IAS inquiries:

Type	Allotment
Type 1-Balance	3
Type 2-Selected Detail	9
Type 3-All Detail	1
Type 4-Deferred Totals	3



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