ELECTRONIC CURRENTS®

Commitment to Quality ACH Services

The quality and timeliness of the Fed's ACH service is as important to us as it is to you. Although we already monitor various internal quality measures, we have recently re-addressed our quality measures to monitor those aspects of the ACH service that are most vital to our customers.

One of the key measures we have been tracking is our ability to expedite ACH entry processing. For the next year, "available on a timely basis" means that we have completed all ACH processing and forwarded the entries to our data communications network delivery system in a timely manner.

We have set a national performance standard of 99.9 percent for the on-time availability of day cycle ACH items and dollars by 5:30 p.m. EST, and for night-cycle ACH items, 5:30 a.m. EST. As we implement an all-electronic, continuous-processing ACH environment to be completed by 1994, the definition of timeliness will move away from the cycle concept to a performance standard where all ACH items are available to receivers within four hours from the time of deposit.

The Fed System and Eighth District were successful in achieving the timely delivery of 99.9 percent of all items and dollars in the first quarter of this year. We will continue to report this information in *Electronic Currents* each quarter. Additionally, we are refining the definition of another performance measure which tracks our timeliness of handling research requests. We plan on sharing this information with you in the future.

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 second quarter. Congratulations to the Tennessee/Mississippi zone for the highest percentage of conversions!

EIGHTH DISTRICT ZONE	# OF OFF-LINE ENDPOINTS MARCH 92	JUNE 92	NUMBER OF CONVERSIONS
Missouri/Illinois	107	77	– 30
Arkansas	40	28	– 12
Kentucky/Indiana	29	19	– 10
Tennessee/Mississippi	44	25	– 19
EIGHTH DISTRICT TOTALS	220	149*	– 71
FED SYSTEM TOTALS	3,010	1,920	– 1,090

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

System Subcommittee Chair Moves to St. Louis

Kristi Short, vice president of Electronic Services at the St. Louis Fed, has been appointed chair of the Federal Reserve System's Subcommittee on Electronic Payments (SEP). Short began her new responsibilities on July 1.

"The Subcommittee on Electronic Payments promotes the efficiency and soundness of the Federal Reserve's electronic funds transfer systems," says Short. A group of senior managers representing all 12 Federal Reserve districts deliberate and make decisions on the pricing, service enhancements, performance and operational standards of the automated clearing house and Fedwire funds transfer services. With all 12 districts represented, the views of both money center banks as well as community banks are considered. In addition, SEP oversees the implementation of Board of Governors' regulations and policies.

"This is an exciting time to be chairing this subcommittee," Short comments. "The Federal Reserve is embarking on a new era in electronic payments processing. Consolidation of our automation resources, new processing software and a new communications system are going to make way for many improvements in our electronic payment services. SEP will be charged with deciding what service improvements will most benefit our customers and promote a cost-efficient and high-integrity payments transfer mechanism."

FEDLINE *update*

Interdistrict Check Data

Does your institution process checks for an affiliate in another district? If so, you may be interested in the Fedline Check "Gateway" service. Gateway connections allow financial institutions with offices in more than one Reserve District to access multiple Fed Banks through a single, physical communication link. This communication link could be a Fedline terminal or a mainframe Bulk Data connection.

Here's an example of how a Fedline Check Gateway works. Bank A is a financial institution in the Chicago Fed District and is a branch of Bank B. Bank B is in St. Louis and has a Fedline connection with Fed St. Louis. Bank B would like to receive a file containing check data for Bank A over its Fedline terminal. Bank A signs an agreement to have Fed Chicago capture their check data and transmit it to Fed St. Louis. Bank B will receive the check data file when they make a host connection to Fed St. Louis.
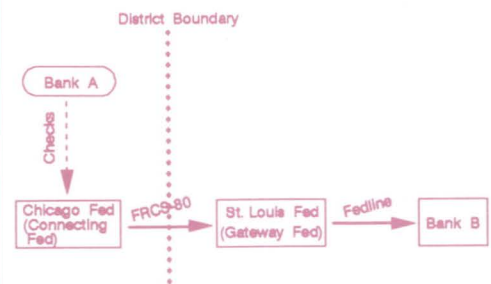
Electronic data which is transmitted across District boundaries must be in a standard format accepted by all Reserve Banks. This standard check format (part of Standard Operating Procedure IV.8) can be obtained from any Reserve office. A monthly Gateway surcharge is assessed by each Reserve Bank involved in the connection. This fee is based on the volume of data passed over the connection.

For more information on Fedline Check Gateways or another electronic connection, call your account executive at 1-800-333-0869 or (314) 444-8680.

Changes to EIS Check Reports

The St. Louis Fed changed the way we store the Advice of Credit Availability or Mixed Cash Letter Advice and the Auto Charge Advice on the EIS database effective, July 1, 1992. Previously, information for these reports was retained on the data base until an institution had activity that would cause updates. Often, the same information was retained for several months because there was no daily activity. Each time Fedline users requested reports, they received the outdated information.

Now, each day at 5 p.m. CST, our host system eliminates that day's reports. Thus, if an institution requests either of the reports mentioned above, they will receive only that day's information. Remember to request your Advice of Credit Availability or Mixed Cash Letter Advice and Auto Charge Advice reports prior to 5 p.m. each day, or that day's information will no longer be available.

For more information, refer to the letter dated June 23, 1992, regarding this change or call *Electronic Access Support* at 1-800-333-0861 or 314-444-8711.

Electronic Treasury Auction Service Available

A new Treasury service to help automate and standardize the auction process nationwide is available on Fedline. The service provides uniform screen formats and information for the electronic submission of tenders. This application was designed as a joint effort between the Treasury Department and the Federal Reserve. Previously, bidders submitted their tenders at the Reserve Banks by mail, FAX or in person.

The application allows financial institutions to submit tenders for their own or their customers' account. It will also be available to institutional bidders, or brokers and dealers who establish an Auto-charge Agreement with a financial institution. Electronic access for institutional bidders will be limited to Treasury Auction. Tenders may be submitted between the announcement date and the designated closing time of the auction. Fedline supports both competitive and non-competitive tenders for commercial and Treasury Direct accounts.

For more information on Fedline Treasury Auction, call *Kelly Campbell* at (314) 444-8509.

Fedline® Is Ready to RORR!

The Fed is offering a new Fedline service, Return or Retrieval Request (RORR). RORR allows ChecKeeper (truncation) customers to request that an item be returned, request a copy, or original, or obtain more information on an item that has been truncated at their local Reserve office.

RORRs received at your local Eighth District office by noon will be processed on the same day. Returns sent via Fedline cost $1 per return and $2 when received by phone. All information or item requests are also $1 per item on Fedline. For more information on the Fedline RORR service, call *Anne Hoerner*, at (314) 444-8451.

SPOTLIGHT

Gerry Gray, a familiar voice in Customer Support, has worked at the Fed since 1972, and for the last nine years in Customer Support. Prior to joining Customer Support, he worked in the Check Processing Department. Gerry speaks to customers daily and answers a variety of questions about electronic connections, check services and billing information. When asked what he likes most about his job, Gerry responds, "I enjoy the variety of telephone calls we receive. No two days are alike."

Irma Turner, a lead clerk in our ACH department, has worked at the Fed since 1984. She started out in the Funds Transfer (Fedwire) department where she worked for five years. Irma speaks to customers daily about settlement and ACH detail information. She also assists customers with retrieving duplicate ACH items and resolving questions regarding ACH statements. After working in ACH for three years, Irma says she "enjoys identifying and resolving customer inquiries as well as the opportunity to provide customer satisfaction to ACH customers."

Many Thanks

There are many benefits of participating in contingency and system tests with the Federal Reserve Bank. We take extensive precautions to provide the highest level of uninterrupted service to our customers. In the event of a major software, hardware or telecommunications failure, our goal is to recover without any noticeable disruption in our services. In this regard, we'd like to extend our deepest appreciation to the institutions that volunteered their time and personnel to assist Electronic Access Support in supporting the Fed's contingency and system tests through June 20:

Southwest Bank of St. Louis, MO
Farmers & Merchants National of Nashville, IL
Pennyrile Citizens National of Hopkinsville, KY
Independent Bankers Bank of Springfield, IL
Planters Bank & Trust of Forrest City, AR
Worthen National Bank of Springdale, AR
Mark Twain Bank of St. Louis, MO
City Bank & Trust of Moberly, MO
Old National Bank of Evansville, IN
Boatmen's Bank of St. Louis, MO
Bank of Mississippi of Tupelo, MS
First National Bank of Louisville, KY
Bank of Friendship of Friendship, TN
Bank of Atkins of Atkins, AR
Austin State Bank of Austin, IN
Farmers National Bank of Griggsville, IL
First National Bank of Oblong, IL
State Bank of Breese, IL
First Commercial Bank of Little Rock, AR
First State Bank of Lonoke, AR
Empire Bank of Springfield, MO
Jefferson Bank of Jefferson City, MO
First National Bank of Flora, IL
Central Bank of Jefferson City, MO
Liberty National Bank of Louisville, KY

If you are interested in participating in future tests, please call *Jeanne Kassing* of EAS at 1-800-333-0861 or (314) 444-8711.

Call Us for the Tip of the Day

When was the last time you called Electronic Access Support (EAS) and heard the Fedline tip of the day?

The tip is updated frequently and includes helpful hints and shortcuts, as well as any notification of system problems, file delays or upcoming tests. EAS uses this daily tip to relay information to you while you are waiting to talk to EAS staff.

Now you may listen to the daily tip even if you are not waiting on hold. When you call EAS, simply ask to be transferred to the tip of the day. It's as simple as that!

If you have suggestions for the tip of the day, please call *Jeanne Kassing* of EAS at 1-800-333-0861 or (314) 444-8711.

Take the LSA Quiz

Self-Assessment Questionnaire for Fedline Local Security Administrators (LSAs)!

Have you ever wondered how secure your Fedline business environment is? Take this simple quiz to determine your LSA IQ. (The correct answers are noted beneath the questions.)

		Yes	No

1. **Has the latest release of Fedline (version 2.3.41) been installed?**

   Yes. Old versions may not have some improved security features.
   (If you answered "no," set a date to upgrade soon.)

2. **Is your MASTER password stored in a secure place?**

   Yes. Some day you *will* need to use it. What would happen if your LSA went on vacation or suspended his/her local password?

3. **Do you have at least one backup LSA?**

   Yes. The alternate LSA should be familiar with all functions of Local Security Administration.

4. **Have you ensured that Local User IDs (LUIs) will be suspended after four invalid Fedline sign-on attempts?**

   No. Three attempts is the standard recommended by the Federal Reserve.

5. **Have you ensured that Local User IDs are changed every 45 days?**

   Yes. Forty-five days is the standard recommended by the Federal Reserve.

6. **Is your verification rule for wires set to "N" (No restrictions)?**

   No. Setting this parameter to "N" circumvents separation of duties for wire transfer processes and is not recommended by the Fed.

7. **Will unattended terminals that have not been manually signed off of Fedline be automatically signed off after 10 minutes or less?**

   Yes. The possibility of unauthorized access to Fedline functions increases with the amount of time that the PC is left unattended. The number of minutes until automatic sign-off should be set as low as operationally possible.

8. **Is the cycle-date rollover "PRINT/DELETE" option set to "F" (Full)?**

   Yes. If not, ensure other adequate audit trails are in place.

9. **Do your wire transfer operators have Local Administration (LA) authority?**

   No. Wire transfer operators with the LA privilege can circumvent Fedline's funds transfer independent verification controls.

10. **Do you automatically assign the managerial or supervisory access level to all Wire Transfer operators involved with daily wire transfer activities?**

    No. Individuals with managerial or supervisory access levels have the capability to circumvent the funds verification rule.

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11. Do you ensure that Fedline operators receive only one LUI (Local User ID) and do not share their LUI password with anyone else?

Yes. Allowing multiple LUIs for one user may circumvent separation of duty controls. Allowing users to share IDs and passwords reduces your institution's ability to account for individual actions.

12. Do you ensure that your "accountable threshold" is set low in relation to your capital account?

Yes. Fedline does not require verification of funds transfers under this threshold amount.

13. Do you follow the suggested Fedline minimum "update verify fields" as defined in the User Guide?

Yes. In addition to those identified in the User Guide, it is recommended that fields containing account numbers should always be visually verified to minimize your institution's liability.

14. Do you allow all operators to communicate with the FRB mainframe by giving them access to the host communication application?

No. Host communication authority should only be provided based upon the user's job function.

15. Do you ensure that host communication users have their own Host User Code (HUC) and never share their host password with anyone else?

Yes. To ensure separation of duties and individual accountability, host communication users should have their own HUC and password. HUC passwords are maintained by the Federal Reserve.

16. Do you ensure that your Fedline PC is located close to general office traffic?

No. Secure your Fedline PC so that the risk of unauthorized access, inadvertent errors or misuse is reduced.

17. Do you have a detailed contingency plan in case your Fedline PC or communication equipment cannot be used?

Yes. Make sure your PC vendor is able to provide a compatible PC replacement quickly. Refer to the Fedline User Guide's Contingency Planning section for further information.

18. Do you require management authorization for all high-level access privileges?

Yes. Ensure that you maintain an adequate authorization audit trail for all supervisory, managerial and Local Administration access authorizations.

19. Do you regularly review the "Security & Control Guidelines" contained in the Local Security Administrator's Guide?

Yes. Reviewing these guidelines annually may provide you with some insight into good security practices.

20. Have all your LSAs been fully trained by the Federal Reserve Bank?

Yes. The Federal Reserve recommends that each Fedline institution have at least one FRB-trained LSA. Contact your account executive for a schedule of upcoming Fedline training classes.

CURRENT Q&A QUESTIONS

QUESTION: Each morning I establish a connection to receive my message traffic. Next, I establish a connection to receive my file traffic. Is there an easier and faster way to receive this data without establishing two connections?

ANSWER: When you establish a connection session on file traffic (session 3), you also initiate a "receive-only" session on message traffic (session 1). This means, you can send any outgoing files, receive any incoming files and receive any incoming messages during one connection. If you had any outgoing messages to be transmitted, with the DATA light still lit on the modem, return to the "Which session to establish?" field and select "1" for messages. Type in your Host User Code (HUC) and password. Press the [ENTER] key. It is not necessary to dial the connection number again.

QUESTION: I do not receive ACH files, but I do originate returns once in a while. Should I connect to Session 3 (File Traffic) every day?

ANSWER: Yes. You need to connect to session 3 (File traffic) the business day after you originate **any** ACH files. Since the NACHA rule changes, effective April 3, 1992, Fedline customers receive acknowledgments for all ACH files they send to the Fed. File acknowledgments let you know if your files were processed or rejected. Any file acknowledgments that are not picked up will be archived within five business days. Once a file acknowledgment is archived, you will have problems connecting to file traffic (session 3) until the file acknowledgment is restored or purged.

QUESTION: Is it possible to get a copy of a wire through Fedline if we don't have a record of it?

ANSWER: Yes. Fedline allows you to retrieve a duplicate copy of selected incoming or outgoing wire messages for the current day or one previous business day. To create a message retrieval request, select "Message Retrievals" from the "Create a Message" menu and enter the following:

- 1-character TRAFFIC TYPE (S-Send or R-Receive)
- 6-digit START SEQUENCE
- Optional 6-digit STOP SEQUENCE (Default is start sequence number)
- Optional 6-digit CYCLE DATE in MMDDYY format (Default is current cycle date)
- Optional 8-character LTERM ID
- Press [ENTER].

The duplicate message will print during your next host connection.

QUESTION: We are using the Fedline auto-dial feature with a UDS V.3225 modem. Recently the modem would not dial out and displayed "V.32 9600 TALK" in the display window. What caused this?

ANSWER: It is possible that someone pressed the DATA/TALK button on the modem, switching it from 'data mode' to 'talk mode'. When the modem is in the 'talk mode' it expects manual dialing. 'Talk mode' is used to make a telephone call or to manually dial a host computer system. To use the auto-dial feature, your modem should be in 'data mode,' which displays "V.32 9600 IDLE" in the display window. To change the mode from talk to idle, press DATA/TALK on your modem until "V.32 9600 IDLE" is displayed.

QUESTION: I received the following error when collecting and queuing my savings bond orders into a file, "File SB0-60501.UDT already exists! Set sequence number! Hit [ESC] key to continue..." Why did this happen, and how can I correct the problem?

ANSWER: The Fedline software does not update the next sequence number in the Savings Bonds application when files are imported externally. In this example, the customer imported two payroll bond orders (created using FedBOS software) and transmitted them over Fedline. These FedBOS payroll bond orders were assigned file names of SB060501 and SB060502. (The FedBOS user manual recommends this format for the file name.) The last two numbers of the file name refer to the file number. Later, this customer created an RDS bond order through the savings bonds application in Fedline. They tried to collect and queue the file and received an error. This occurred because Fedline tried to assign the file name of SB060501, and file number 01 already existed.

To correct this problem, select "#91-SB Config Settings" from the savings bonds application menu. Then tab to the field called "Next File Number." The field default number is 001. Change the field to reflect the next expected file number. In the example, the field number should be changed to 003 because two payroll bond orders were imported. Finally, press [ENTER] and Fedline will respond, "Savings Bonds' Configuration Updated." The bonds are now successfully queued, and Fedline will assign the file name SB060503.UDT.

QUESTION: What should I do if I need different diskette sizes to load Fedline software?

ANSWER: If you'd like to receive a different diskette size, please complete the attached card, tear it out and mail the card to us. We will update your institution's file and send you the indicated diskette size next time we distribute software changes.
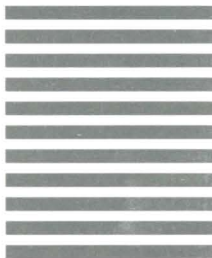
BUSINESS REPLY MAIL
FIRST CLASS MAIL   PERMIT NO 8931   ST LOUIS MO

POSTAGE WILL BE PAID BY ADDRESSEE

KATHY KENNERLY
ELECTRONIC ACCESS SUPPORT
FEDERAL RESERVE BANK OF ST LOUIS
PO BOX 442
SAINT LOUIS MO 63166-9761

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

DISKETTE UPDATE ORDER

Diskette Order Form

RTN: _____

Bank Name: _____

City, State, Zip: _____

Requested by: _____

Diskette Size required ☐ 3.5'' ☐ 5.25''

PC Make and Model _____
(i.e. IBM PS/2 Model 70)
This information can be found on the front of the PC where the diskettes are inserted.

LU Name_____(This information is not required unless you have more than one Fedline online connection to the Fed. This information can be found using ''Local Administration,'' Option 70-''display session parameters.'' It is listed under LU Name.)

CUT HERE

Get the FACTS

The Federal Reserve Bank of St. Louis recently hosted a pilot session for Fedline Advanced Continuation Training Session (FACTS). FACTS is designed for Fedline users who are familiar with Fedline and desire a review of the available services and an introduction to future services. "After the FACTS," an informational fair, was hosted immediately following the FACTS class. Attendees were able to speak with representatives from operating areas that support services on Fedline. Each area had a booth with demonstrations and information about their operation and services.

Will White from Central Trust in Jefferson City, Missouri, attended the one-day class and commented, "The session proved to be helpful, particularly for users familiar with Fedline, because it was an overview. It helped move along our planning process after learning the new features and services." Paulette Hill from Missouri League Corporate Credit Union in St. Louis also attended and said, "FACTS was very beneficial and timely. The Fed should provide this training periodically to keep Fedline users abreast of changes to Fedline. It was also helpful to meet representatives from the operating areas. We were able to pick up literature about services we were interested in, and we subsequently began submitting FR2900 via Fedline."

The next FACTS class will be held on *Sept. 15, 1992*, in *St. Louis*. FACTS will also be held at our branch offices; the first one will be offered in Memphis during the fourth quarter of 1992. The cost for the session is $50 per person. Each institution can send up to two representatives for the full-day session. If your institution has participated in Fed testing at least twice during the 12 months prior to the class, the fee for the session will be waived!

If you are interested in attending the Sept. 15 session in St. Louis, please call your account executive or Customer Support at 1-800-333-0869 or (314) 444-8680. Hurry! Registration is on a first-come, first-served, basis.

Test Before You Leap

If you're planning on changing the software or hardware that your institution uses to process Funds or ACH transactions, you should consider testing with the Fed as part of your transition. Recently, several electronic connection customers experienced processing delays and communication failures when changes were made to their systems without prior testing with the Fed. This meant payments were delayed and their customers did not receive timely debits or credits. To help you prevent similar problems, we offer testing support which can detect errors that may affect production processing or communications with the Fed. If you are interested in this type of testing, please call the appropriate person listed below:

Operating Area	Contact	Phone
ACH	Langston Scott	(314) 444-8461
Funds Transfer	Juliet Webb	(314) 444-8537

Moving To Paperless TT&L

The Eighth Federal Reserve District is working with its customers to provide a reliable and efficient TT&L service by enabling institutions to use EDITH or Fedline to submit federal tax deposit advices. Using an electronic alternative for TT&L provides many benefits, including timely and secure submission of your advices of credit. And, by using EDITH or Fedline, your institution can avoid penalty fees from lost or late advices.

Both EDITH and Fedline provide you with inquiry capabilities into account balances and pending withdrawals and investments. Cycle accounting information, such as FTD (Federal Tax Deposit) compensation amounts, stale and undated charges, and interest charges are also available. "We plan to convert all of our TT&L depositaries to electronic connections by December 31, 1992," says *Andrea True* of the Fed's TT&L unit.

Effective June 1, 1992, the 25-cent transaction fee for TT&L advices of credit entered on EDITH was also eliminated. In addition, TT&L inquiries through EDITH will continue to be offered at no charge.

For more information on the TT&L initiatives underway or to sign up for electronic submission of federal tax deposit advices, please call *Andrea True* at (314) 444-8613.

Fewer Busy Signals

As more financial institutions establish electronic connections with the Fed, the number of calls into the network to pick up data is also increasing. To provide relief from busy signals and to keep the network efficient, we have expanded the number of dial-in lines at all four Eighth District offices.

Additionally, the separate dial-in telephone numbers for customers using 9600 b.p.s. modems have been eliminated. All of the Fed's dial-in lines, including the Branch lines, support both 2400 b.p.s. and 9600 b.p.s. connections. This change affects only 9600 b.p.s. connections. Those of you with 2400 b.p.s. connections will note that the phone numbers have not changed.

Location	Phone Number
St. Louis	(314) 231-1082
Little Rock	(501) 376-4624
Louisville	(502) 585-2242
Memphis	(901) 522-8253
All Other Locations	(800) 426-2107

Identifying Dishonored and Rejected Returns

Have your ever returned an ACH item and later found that the amount reappears in your ACH statement of activity or entry register? If so, it may be there for one of two reasons:

- the originator of the ACH item dishonored the return because of an error, or

- the ACH software at the Federal Reserve rejected the return because of an error.

A dishonored return is an ACH return item that has been sent back to the receiving institution by the originator of the item. There are several reasons why the originator will dishonor a return. The most common reasons are because of inaccurate or omitted information on the return or because it was not sent on time. To identify a dishonored return item, check your entry register or detail listing for an alpha-numeric code (for example, R67). This code identifies the reason why the ACH item was dishonored. It can be found below the 'RFI NUMBER', displayed with the words 'RETURN SYMBOL'.

A rejected return is an ACH item that has been rejected by the originating or receiving Federal Reserve Bank. These items are rejected by our ACH processing software and are sent directly back to the sending bank. There are several reasons why the Federal Reserve software will reject items. The most common reasons are because the receiving institution is not authorized to receive ACH items or for an improper effective date. To identify a rejected return, check your entry register or detail listing for an alpha-numeric code (for example, R13). This code identifies why the ACH item was rejected. It can be found below the 'RFI NUMBER', displayed with the words 'RETURN SYMBOL'.

A complete list of dishonored and rejected return reason codes can be found in the 1992 *NACHA Rule Book*.

ELECTRONIC CURRENTS.