



Payments Quarterly

News and Views on Regional Financial Services

One Era Ends, Another Begins As Payments Quarterly Bids Farewell

Evolution: *A process of continuous change from a lower, simpler or worse state to a higher, more complex or better state; growth.*

It was created in 1996 as a tool to reach Eighth District bankers with news on financial services. Now, after an eight-year tenure, *Payments Quarterly* (PQ) will be discontinued and replaced by the Federal Reserve System's financial services publication, *FedFocus*.

Before we say farewell to the publication, we thought we'd reflect a bit and share some of

the past headlines from the PQ archive to illustrate

just how much has happened in the banking industry over the years. These titles reflect how

laws have paved the way for financial institutions to open branches from coast to coast; how technology has led to the reduction of costs for financial institutions and the Fed alike; as well as how improved networking has helped the Fed centralize and consolidate its services.

Continuous Change

PQ has chronicled these changes in such articles as "FedACHSM to Offer Flexibility, Simplicity in 1997," which was one of the first articles to appear in the publication. And the 1996 article "Good-bye Government Checks; Hello Electronic Payments," reminds us of the ongoing evolution to safer and more secure payment methods.

When we ran the article, "St. Louis Fed Heads Up Payments Study;" (1999) neither the Fed, nor the banking industry, could have imagined the impact of this study—the first of its kind in 20

years. The story that emerged about two years later confirmed that the number of checks being written nationwide was falling sharply, and was expected to decline over the next decade.

From Paper to Electronics

As the banking industry saw changes from paper to electronic payments, so too did customers who accessed the Fed's online communication tools.

"Weigh Your Options: Piles of Paper or One CD?" (1999) gave customers one way

of reducing paper in back-end operations while, "Coming Soon: Cash Ordering Online" previewed another financial services option for Fed customers in 2000.

Eight years ago, FedImageSM was in its infancy. Check imaging has come a long way since then. A 2002 story read, "FedImage Services Is Here: Get the Picture!" And just last issue PQ featured, "Federal Reserve Banks Are Prepared for Check 21," signaling another milestone in the financial services industry.

Meanwhile, PQ readers began viewing this very publication online. Over the years, the Fed has communicated with its customers through increasingly sophisticated communication methods, including e-mail notifications and alerts, online webinars and interactive web sites.

Going Global

"Fed Adjusts Account Structure to Accommodate Interstate Branching" was a big story in 1997. In 2001, a PQ headline read, "Check Clearing Service Goes Global." Just a year later, "One Fed, One System, One Check Platform" chronicled the blur-



The 2005 Regional Sales Team Reflects: How Has the Financial Services Industry Changed?

With recent consolidation of some sales and marketing functions within the Fed comes reorganization of the customer support teams that service the Fourth and Eighth districts. Despite the changes the Fed has faced throughout the years, one constant remains: Our employees continue to be dedicated to providing excellent service.

Regional Sales Vice President



“Back in 1966, we would manually sort high-volume check endpoints in a 32-pocket proof machine, then hand-sort the rest in a bin. Today, the entire process is automated, except opening the bags and placing the checks into the high-speed equipment.” **Ron Byrne**

See back page for the
2005 Regional
Sales Map.

Regional Account Executives



“Check 21 is probably the most significant payments system initiative that I’ve seen. Evolving payment methods have had a tremendous impact on the Fed’s check processing. Check 21 is a Federal Reserve necessity assuring financial institutions benefit from expedited credit and collection-cost efficiency.”
Bill Mason—Regional Manager



“It’s amazing how far we’ve progressed since the time when there were ‘non-par banks.’ Those banks did not pay the par value for their checks; plus, they mailed bank drafts to pay for those items.” **Don Baldwin**



“Tremendous change also brings great opportunity. Those institutions that embrace new-found opportunities will strategically position themselves for renewed success in an increasingly competitive market.” **Jim Broughton**



“When I started five years ago, the predictions made years earlier that checks would go away were being laughed at. But how rapidly things have changed. Check volumes are diminishing quickly and being replaced by electronic payments. We better all hang on, as the ride over the next few years will be exhilarating.” **Paul Drennan**



“We have been talking about an electronic check-collection process ever since I joined the Federal Reserve System in 1991. Now we are actually prepared to do it.”
John Mitchell



“I remember the first check-collection fee schedule in 1982. We offered only four deposit categories then, and now we have nearly 100 product codes for forward check collection alone! I look forward to promoting the use of our new suite of Check 21 services.”
Stan Zarzycki

Regional Account Representatives



"When I started my career in banking, ACH transactions were still sent to financial institutions on magnetic tape. I recall when check volume was increasing, and we were looking for ways to clear checks cheaper and faster. Today, image services is the answer!" **Bobbi Antoff**



"When I started at the Fed we did everything manually. I didn't even know what a personal computer was, much less electronic check and imaging. (I was only 3 when I started.) The one thing that hasn't changed is the Fed's commitment to quality and to our customers." **Dot Trame**

Regional Check 21 and Image Specialists



"When I was managing Wire and ACH, we had the second dual-floppy personal computer at the St. Louis Fed. Our job: to test the unit to see if banks could use dial-up telephone lines to send and receive wire transfers. We were on the cutting edge." **Andy Lueckenhoff**



"When I started at the Fed 18 years ago, I heard predictions that checks would soon be a thing of the past. It's true that check volume has decreased as the use of debit cards, credit cards and online banking has increased, but I do not believe that people will stop writing checks for a very long time." **Teala McQuilkin**

Regional ACH Specialist



"The challenge for us as the industry evolves is keeping focused on quality customer service. No matter what transitions take place or what new technology takes over, we still depend on our customers to make it all a success. Without them, advancements in the financial services industry would be fruitless!" **Susan Bivens**

Contact any of us at:
1-888-333-2538.

Regional Check Customer Service



"In my almost 30 years with the Federal Reserve I would be hard-pressed to identify what has changed the most, since we have lived in decades of constant change. One thing that has not changed is our ongoing desire to meet and exceed customer expectations with quality products and services and exemplary customer support." **Leslie Rebilas**



"There have been many changes in banking since I began 20 years ago. I remember being excited when I could pay my mortgage payment by automatic withdrawal instead of writing a check each month. Now I pay most bills electronically, and I also get my bank statement electronically, along with images of my checks." **Gayle O'Connor**

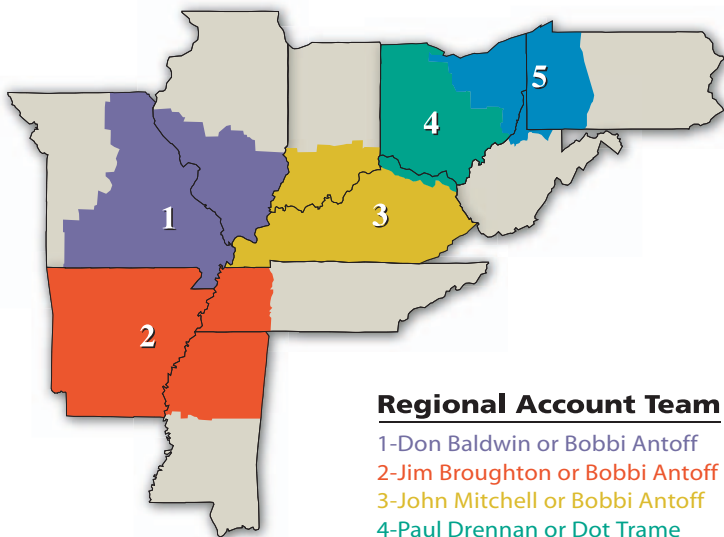


"In these times of intense change, customer outreach has been critical. I am proud to have helped develop successful Fed Exchange seminars and Payments Symposia that helped to facilitate two-way communication and improve awareness of the Fed's products, services and capabilities." **Sandy Runyon**



"I'm happy that e-mail is available. It has revolutionized how we receive and process information. We're no longer waiting on the mail or trying to decipher handwriting. It's fast and easy!" **Deidre Stanley**

2005 Regional Sales Map



Regional Account Team

- 1-Don Baldwin or Bobbi Antoff
- 2-Jim Broughton or Bobbi Antoff
- 3-John Mitchell or Bobbi Antoff
- 4-Paul Drennan or Dot Trame
- 5-Stan Zarzycki or Dot Trame

We think you'll find the enclosed Federal Reserve Bank Customer Support Contact Lists helpful. We encourage you to keep them handy and share them with co-workers throughout your organization! For additional copies, call Debbie Boren at 1-800-333-0810, ext. 44-8946, or locally at (314) 444-8946. ■

continued from page 1

ring of customer boundaries—not only of banks themselves, but of Fed customers, too—and the need to consolidate and centralize our services.

In 2003, these boundaries continued to be redefined as bankers in the Fourth District joined the *PQ* audience when sales staff there joined forces with those of the Eighth District. In the spring of 2004, Charleston zone customers in the Fifth Federal Reserve District joined the *PQ* family of readers.

Communicating Change

Although this issue marks the final *PQ*, the full archive of the newsletter will remain online at www.stlouisfed.org/publications/pq/pastissues/default.html. Today, *FedFocus* is your source for the latest news on the Federal Reserve Bank's financial services. Each edition keeps you informed about hot topics in the industry and provides insight into the value of Federal Reserve financial services.

To receive regular notification of *FedFocus* availability, visit www.frb services.org and click the link "Subscribe to Email Notification" on the lower left-hand side of the home page. Be sure to check the *FedFocus* box when you subscribe.

The authors and editors of *Payments Quarterly* have enjoyed sharing the Fed's perspective of financial services news and keeping you informed of Fed events over the years. As we say good-bye to the *PQ* era, we wish you the best as the financial services industry continues to evolve. ■

FedContacts

Here's a list of numbers that will come in handy if you have questions or comments about the Fed's products and services. Feel free to give us a call!

NEW SERVICE AND PRODUCT INQUIRIES

Phone: 1-888-333-2538
Fax: (314) 444-4654

CHECK OPERATIONS

CINCINNATI
1-877-214-7233

CLEVELAND
1-800-929-2435

COLUMBUS
1-800-333-2439

MEMPHIS
(901) 579-2450

ST. LOUIS
1-866-433-3227

ELECTRONIC ACCESS (FEDLINE WEB AND DOS-BASED FEDLINE)

1-888-333-7010

FEDACHSM

FOURTH AND FIFTH DISTRICTS
1-866-234-5681

EIGHTH DISTRICT
1-888-883-2180

FUNDS TRANSFER AND BOOK-ENTRY SECURITIES

FOURTH AND EIGHTH DISTRICTS
1-800-327-0147

FIFTH DISTRICT
1-800-333-2448

Volume 9, Number 4

Payments Quarterly is published quarterly for Fourth, Fifth and Eighth district regional financial services customers. If you would like additional copies or back issues, contact Debbie Boren at (314) 444-8946 or 1-800-333-0810, ext. 44-8946.

The Financial Services logo, "FedACH" and "FedImage" are either registered or unregistered trademarks or service marks of the Federal Reserve Banks. A complete list of marks owned by the Federal Reserve Banks is available at www.frb services.org.