

INSIDE:

2 • Separately sorted cash letters could mean savings
• New I-types debut

3 • FedLine Web Series — Part 7

4 • ReserveNotes
• Fuel surcharge added for some cash letters

5 • Retail Treasury securities services consolidated
• Regional cash changes

6 • Welcome new PQ readers
• Fed Exchange seminars continue

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SPRING 2004



Payments Quarterly

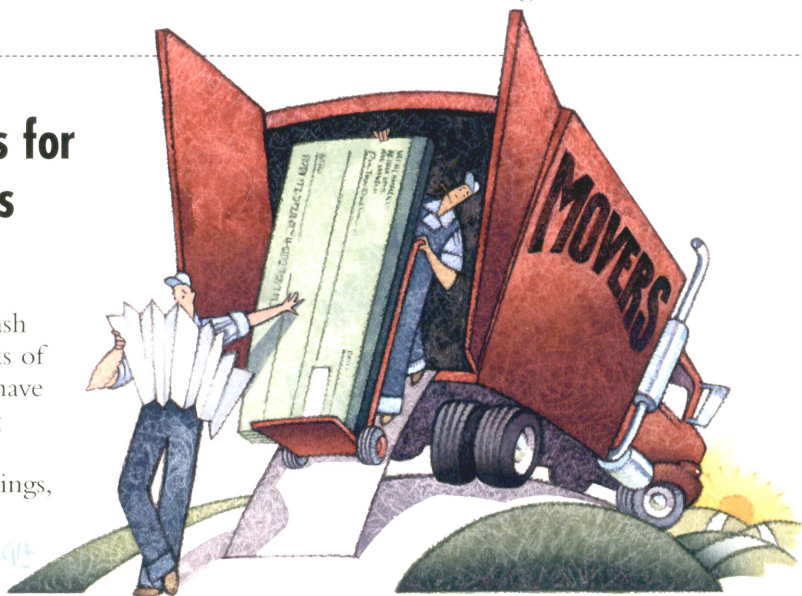
News and Views on Regional Financial Services

Fed Prepares Customers for Check-Processing Moves

In an effort to inform customers of upcoming changes to check and cash operations, the Federal Reserve Banks of Cleveland, Richmond and St. Louis have been conducting check-restructuring meetings throughout the districts.

Details are being shared at the meetings, including transition dates, deposit deadline changes, transit locations, and accounting and billing changes, as well as presentment and packaging requirements.

Here is a brief summary of what customers in Charleston, W.Va., Little Rock and Louisville can expect as operations shift to Cincinnati and Memphis.



Charleston to Cincinnati

The Charleston Branch of the Richmond Fed moves its check-processing operations to the Fourth District's Cincinnati Branch as of 4 p.m. Friday, June 25. After the shift, Charleston customers can either ship items directly to Cincinnati or drop them off at the following transit location by the deadlines listed below:

Executive Air Terminal Inc.

400 Eagle Mountain Road
Charleston, WV 25311

Monday through Thursday . . . 8:45 p.m.
Tuesday through Friday 12:15 a.m.
Saturday 8 a.m.

Little Rock to Memphis

The Little Rock Branch's check operations will shift to Memphis after the 11 a.m. city fine sort deadline on Friday, July 23. Little Rock customers should drop off their items at the transit location in the next column by the deadlines that follow:

Ace Logistics

1101 Harrington
Building 11—Suite 3
Little Rock, AR 72202

Monday through Thursday . . . 8 p.m. and 11 p.m.
Tuesday through Friday 3 a.m.
Saturday 8:30 a.m.

The Federal Reserve will transport all work received at the Little Rock transit location to the Memphis Branch for processing. If preferred, customers may also deliver their items directly to Memphis. Memphis is already handling adjustments processing for Little Rock customers.

Louisville to Cincinnati

Louisville check-processing operations will shift to the Fourth District's Cincinnati Branch after the 10 a.m. city fine sort deadline on Friday, Aug. 27. After that date, customers will drop off their work at the Louisville transit location by these deadlines:

Monday through Thursday . . . 8:30 p.m.
Tuesday through Friday 1 a.m. and 2:45 a.m.
Saturday 8 p.m.

continued on Page 5

www.clevelandfed.org | www.stlouisfed.org | www.richmondfed.org



We all like to hear about ways to save time and money. Here's one easy way to improve the availability of funds and lower your cash letter processing costs.

If you currently deposit a mixed cash letter with the Fed, you could benefit by sending in your local items (RCPC and City) and your Other Fed items

in separately sorted cash letters. By sending separately sorted cash letters, you can obtain the best possible credit availability and the most convenient deposit deadlines at the lowest possible cost.

To discuss the features of this deposit program, contact one of our regional sales consultants at 1-888-333-2538, then press 1. ■

Fed Announces New Investigation Types for Actual Availability

The Federal Reserve System has moved from the use of rainbow sheets (or provisional credit) to actual availability for crediting direct send and consolidated shipment deposits.

In conjunction with this shift, the Fed has enhanced its cash letter credit inquiry and dispute process to more clearly reflect the nature of the inquiries and disputes. To enable direct send and consolidated depositors to process adjustments for actual availability, the Fed also created several new adjustment investigation types (I-types) to handle inquiries when an incorrect amount was credited or no credit was received.

Direct send and consolidated shipment depositors will not be able to use the DOS-based FedLine® application to send adjustments for the new actual availability adjustment types. Only the FedLine Web Check Adjustment application will accommodate these new adjustment codes.

The paper adjustment form now includes the new adjustment I-types for actual availability. This form must be used by direct send and consolidated shipment depositors who would normally submit an adjustment request via DOS-based FedLine. In addition to the new I-types, the adjustment request form includes two new fields: DCR (Date Credit was Received) and EDC (Expected Date of Credit). Refer to www.frbstlouisfed.org for the *Actual Availability Depositor Reference Guide* and www.frbstlouisfed.org/Retail/QRG-FormsDocs.html for the revised adjustment request forms.

Summary of New I-Types

The **Missing Cash Letter (MCL)** was updated to be used when a direct send or consolidated shipment depositor has not received credit for a cash or

return letter deposit. A missing cash letter adjustment occurs when a cash or return letter was charged, but the physical items were not received. This investigation type usually occurs when a paying bank reports non-receipt of a cash or return letter and requests a credit. The adjustment request is untimely 365 days from the date of the cash letter.

The new **Late Cash Letter Credit (LCLC)** should be used when direct send or consolidated shipment depositors believe they have received an untimely credit for a cash or return letter. The adjustment request time frame is 45 days from the cash letter date. This adjustment request will not result in a hard dollar debit or credit. An as-of adjustment may be warranted.

The **Incorrect Cash Letter Credit (ICLC)** is used when a direct send or consolidated shipment depositor receives credit for an incorrect amount. This scenario usually occurs when a Fed office credits a depositor for an amount that is different from the amount that is expected by the depositor. The adjustment request time frame is 365 days from the cash letter date.

The **Extra Cash Letter Credit (ECLC)** will be used when a direct send or consolidated shipment depositor receives credit for a deposit for which they are unable to reconcile (for instance, the depositor believes it has received credit in error). A copy of the cash letter is needed to support the credit. This may happen when a Fed office credits the wrong depositor for a cash or return letter deposit. The adjustment request time frame is 365 days from the cash letter date.

Online Resources

Customers are encouraged to use the Account Management Information (AMI) application available through FedLine Web. AMI not only provides

continued on Page 5

Time's Up!

The countdown to March 31 for the conversion of DOS-based FedLine informational services is complete, and we couldn't be happier with the results. Everyone has made the transition to FedLine Web, and we are hearing rave reviews about the services offered.

We have to give credit where credit is due—we couldn't have done it without you. The conversion team is grateful for your cooperation and patience throughout the conversion process. If you are still receiving duplicate information over your DOS terminals, call us at 1-888-333-2538 and we'll help you eliminate these extra print jobs and files.

Now that you have begun using FedLine Web, this is the time to make sure the right people in your organization have access to the right applications to meet your needs. You can call us at the number above, and we can help you look at your profile and initiate changes if necessary.

Sunset Date for Internet Explorer® 5.5 and Windows® 98 Support

This summer, the Federal Reserve Banks will update the browser and operating system minimum requirements for FedLine Web services to allow us to focus on support for the operating platforms that are used by a majority of our customers.

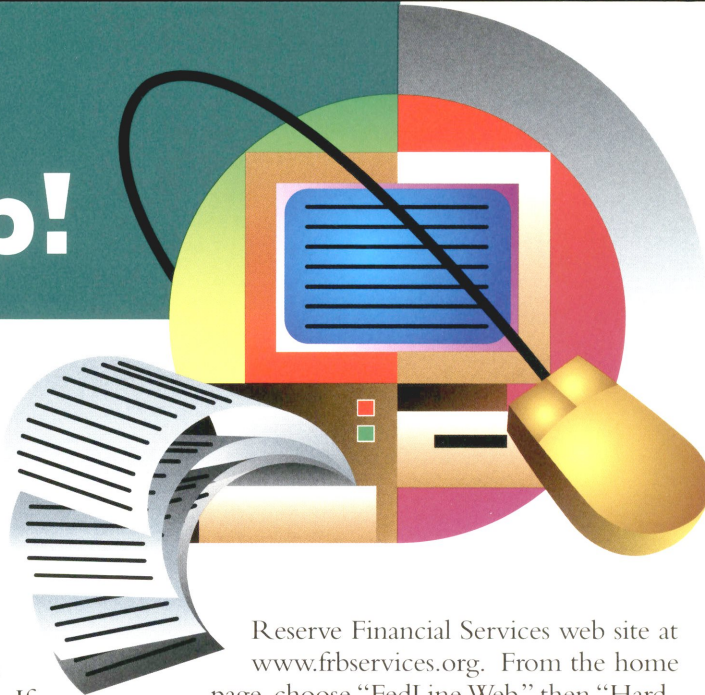
Effective July 1, 2004, the Federal Reserve Banks will discontinue FedLine Web support for the Microsoft® Internet Explorer 5.5 SP2 browser and the Windows 98 operating system. We will continue to support the Microsoft Internet Explorer 6.0 SP1 browsers and Microsoft Windows 2000 and XP operating systems.

Limiting the number of browsers and operating systems we support will allow us to concentrate on:

- enhancing functionality by implementing new services that take greater advantage of the supported platforms,
- delivering new platform-focused services and enhancements more quickly, and
- providing enhanced customer support.

Existing FedLine Web services will continue to operate on the unsupported platforms after July 1. However, new enhancements and services may not function when they become available. In addition, we may not be able to provide troubleshooting assistance for issues encountered with the unsupported platforms.

You can find additional information about FedLine Web system requirements on the Federal



Reserve Financial Services web site at www.frbsservices.org. From the home page, choose "FedLine Web," then "Hardware and Software Requirements."

If you have any questions or need additional information call the Customer Contact Center at 1-888-333-7010.

Dual Boot PC Now Available

The Federal Reserve System is pleased to announce the availability of a dual boot PC that allows DOS-based FedLine users to use both DOS 6.22 and Windows XP functionality from one PC.

DOS 6.22 allows you to access all DOS-based FedLine applications. However, unlike a single boot FedLine PC, the new dual boot machine allows you to install XP-compatible software, such as Microsoft products and Internet browsers, on the XP partition.

You can place your order for a dual boot PC from the Premier Dell™ FedLine PC web site at <http://premier.dell.com>. When you first access the Dell web site, you must create a new user account, using an access code and key. If you need assistance or access code information, contact the Customer Contact Center at 1-888-333-7010. Once logged on to the site, select "Purchasing Tools," then "Your FedLine PC Store."

If you previously bought a Dell GX60 PC to run DOS-based FedLine, you can purchase a dual boot CD and memory upgrade that will allow you to operate the new dual boot environment on your current equipment. To learn more about upgrading to a dual boot PC, contact the Customer Contact Center at the number given above.

It's a Wrap

We're always working to enhance our services based on the feedback you give us; so, don't hesitate to contact us with your ideas. This issue will officially wrap up the FedLine Web series that we've featured on this page for the past six issues. However, stay tuned for updates on exciting new developments. ■

Reserve

Last month, the Fourth and Eighth districts' Check departments launched a customer service campaign titled "We're Here To Serve." Fliers were inserted in outgoing cash letters in May and June that focused on check returns and on handling Postal Money Orders and Treasury items. All of the current campaign fliers are posted online at www.clevelandfed.org and www.stlouisfed.org under "Services for Financial Institutions," then "Check Services" or "Check Operations."

By giving customers easy access to helpful information, both districts hope this effort will improve customer service and assist customers with check processing and adjustments issues.

As part of its ongoing efforts to improve check-processing services, the Federal Reserve has developed a series of standard cash letter forms that are available at www.frb-services.org, under "Standard Forms" on the left-hand navigation bar.

The forms feature standard formats and terminology to help expedite payments processing nationwide. Newly incorporated user-friendly technology makes the forms efficient and easy to use.

An interactive tool is also available online that will give you a preview of each form, allow you to try out a form and provide a comparison of district-specific and standardized terminology.

If you already have a supply of printed forms on hand, feel free to use up your supply before switching to the new forms.

The Series-2004 \$50 note was unveiled in April. While a release date has not yet been determined, the new note is expected to become available to

the public this fall. You can expect to hear much more about the new note from the U.S. Treasury and the Federal Reserve in the upcoming months. To learn more about the new \$50 note, visit the Bureau of Engraving and Printing online at www.moneyfactory.com.

The U.S. Postal Service is seeing an increase in the number of counterfeit Postal Money Orders, which is resulting in significant loss to financial institutions nationwide. An effort is under way to heighten the awareness of this surge in counterfeit items. Information that financial institutions may find useful while helping to combat counterfeit Postal Money Orders has been posted on the St. Louis Fed's web site at: www.stlouisfed.org/email_alerts/assets/pdfs/FS/2004/Check-0408.pdf.

NACHA has released its *2004 Rules Book*. The Federal Reserve's ACH service has been updated in accordance with the March 12 changes.

We encourage you to obtain a copy of the *2004 Rules Book* that includes information regarding rule changes and their operational impact, as well as required software changes.

To purchase your copy, visit www.nacha.org or contact your nearest regional payments association.

You can expect the release of the Texas state quarter by late June. It is the third quarter to be released this year and the 28th to be released during the U.S. Mint's 50 State Quarters® Program. Still to come this year are the Iowa and Wisconsin state quarters, which are expected to be released in August and October, respectively. ■

Fuel Surcharge Added for Mixed and Other Fed Cash Letters

The recent rise in costs associated with fuel products has had a significant impact on business and individual consumers. Because of fuel increase clauses in vendor contracts, the Federal Reserve has seen aviation fuel prices associated with check transportation increase substantially.

Because of the significant and unforeseen increases in our transportation costs, the follow-

ing surcharges became effective June 1, 2004:

- A surcharge of \$0.35 per cash letter is being assessed on all forward and return cash letters containing Other Fed items. This includes all mixed and Other Fed deposits.
- A surcharge of \$0.0005 is being assessed for each consolidated item shipped via the Check Relay network. Note that direct

send cash letters transported via private vendors are not affected by the surcharge.

Although the Fed expects the surcharges to remain in effect at least through the end of 2004, it will review them within 120 days of implementation, while continuing to monitor the effect of fuel costs on Fed operations. ■

U.S. Treasury's Retail Securities To Be Consolidated

The Treasury's Bureau of the Public Debt recently announced that it will consolidate the Federal Reserve sites providing retail Treasury securities services (savings bonds and marketable securities, or TreasuryDirect).

The consolidation reduces the number of Fed offices providing savings bonds and TreasuryDirect services from seven to two. When the consolidation is complete, which should be about October 2005, the Federal Reserve Banks in Pittsburgh and Minneapolis will handle all retail Treasury securities services.

This effort reflects the Treasury's goal to move to an all-electronic environment for retail Treasury services, which will modernize and increase operational efficiencies.

The engine powering this new way of doing business is the TreasuryDirect system, an online

site enabling investors to purchase and hold, in book-entry form, savings bonds and eventually marketable securities. TreasuryDirect offers investors a convenient one-stop way to purchase, manage and redeem Treasury securities online.

Paper savings bonds will continue to be serviced until redeemed, and their value will not be affected by the new TreasuryDirect bond sales. The Treasury is not eliminating the savings bond program. For more information, visit www.treasurydirect.gov. ■

Changes to Eighth District Cash Operations Announced

When the Cincinnati Branch begins providing cash services for Louisville customers later in 2004, an earlier deadline for ordering cash will go into effect. The new deadline for ordering currency and coin will be 1 p.m. EST—a three-hour difference from the current 4 p.m. deadline for Louisville customers.

When the Memphis Branch begins providing cash services for Little Rock customers, ordering deadlines for both Memphis and Little Rock will remain the same—3 p.m. CST.

The dates on which Louisville and Little Rock will shift cash services to Cincinnati and Memphis, respectively, will be announced later this summer. ■

Fed Prepares Customers for Check Processing Moves

continued from Page 1

Details on the Louisville transit location are being finalized and will be announced to customers as soon as possible.

The Federal Reserve is committed to providing check-clearing services to all markets nationwide and will do everything possible to minimize the impact on customers. For more information about these changes, contact your account executive or visit www.frbstlouisfed.org/Retail/CheckInfrastructure.html. ■

Fed Announces New Investigation Types for Actual Availability

continued from Page 2

real-time information, but has search features to help perform inquiries on specific cash letter credits and debits. Links have also been established so that you can access the Check Services application or easily view the Check Broadcast Messages.

Direct send and consolidated shipment depositors will find regularly updated information online at www.frbatlanta.org. Visit the "Services for Financial Institutions" home page, then select "Check Relay" from the left-hand navigation bar. The Check Relay site offers real-time performance reporting indicating scheduled and actual deliveries and, in many cases, the actual disposition of late deliveries. The Check Relay staff will endeavor to report all available information on late deposits as soon as the information becomes available and as it is reported by the receiving Reserve Bank offices.

As always, you can also contact your account executive if you need additional information. ■

Welcome Charleston Customers and Regional Account Exec Dave Fletcher



We are pleased to welcome our newest readers to the *Payments Quarterly* fold—customers from the Charleston, W.Va., territory, who are located in the Fifth District.

We also extend a hearty welcome to Dave Fletcher, who has served as an account executive with the Charleston office for the past 10 years. He will now serve as a regional account executive with the Federal Reserve Bank of Cleveland and continue serving his Charleston territory customers.

We are committed to keeping you informed; so, please keep the phone numbers and web sites handy that are listed below:

Dave Fletcher (304) 389-4431
 Regional Check Customer Service 1-800-929-2435
 Cleveland Federal Reserve web site www.clevelandfed.org
 Federal Reserve Financial Services web site www.frbervices.org

Learning about Check 21 and Imaging Was on the Minds of Many

During April and May, customers throughout the Fourth and Eighth districts attended Fed Exchange seminars to hear Federal Reserve speakers talk about Check 21 and the world of imaging.

Attendees learned what Check 21 means and how the law will converge with the Fed's FedImageSM products as a viable business solution.

It's not too late to take advantage of Fed Exchange. The remaining seminars will be held from 10 a.m. to 3 p.m. as scheduled below:

June 29	Memphis, Tenn.	Holiday Inn Select
July 13	Columbus, Ohio	Columbus Marriott North
Aug. 11	St. Louis, Mo.	Holiday Inn South County Center

You can register online at www.clevelandfed.org or www.stlouisfed.org by visiting the "Services for Financial Institutions" home page. For additional information, contact Sandy Runyon at (216) 579-2158 or Debbie Boren at (314) 444-8946. ■

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

LITTLE ROCK
 (501) 324-8340

LOUISVILLE
 (502) 568-9253

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

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