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# Payments Quarterly

News and Views on Regional Financial Services

## Looking Ahead at Phase Two of the Fed's Check Restructuring

In early September, the Federal Reserve banks announced plans to discontinue check processing at nine additional Reserve bank offices throughout 2005 and early 2006 as check volumes continue to decline nationwide. These changes supplement the decision in 2003 to restructure check-processing operations from



Check Sites Closing	Sites Acquiring Volume
Boston	Windsor Locks, Conn.
Columbus, Ohio	Cleveland
Birmingham, Ala.	Atlanta
Nashville, Tenn.	Atlanta
Detroit	Cleveland
Oklahoma City	Dallas
Houston	Dallas
Portland, Ore.	Seattle
Salt Lake City	Denver

45 locations to 32 locations. Above is the listing of these nine sites and the locations of the sites acquiring the additional check volume from those sites.

These restructuring changes are intended to ensure that the Reserve banks remain providers of efficient, high-quality check services for years to come. As always, we are also committed to minimizing the effects of change on you.

The Federal Reserve banks will continue to review and adjust our product offerings to ensure that they meet your needs, as well as those of the overall financial services marketplace. Our new Check 21 product suite (see Page 5 of this newsletter for more details), as well as our investments in standard platforms for check processing, check imaging and check adjustments, will enable us to

maintain the high quality of check services offered to all of our customers.

Though we plan to be in touch regularly, do not hesitate to contact your account executive with any questions you may have as we undergo these changes. In the meantime, for the latest information on check restructuring or our products and services, please visit [www.frbservices.org](http://www.frbservices.org).

### ...and Looking Back at What's Complete

As we look ahead to the next phase of check restructuring among the Federal Reserve banks, we also find it valuable to evaluate our past efforts in order to learn from our oversights and improve our level of service to customers.

In preparation for each conversion, check-restructuring meetings were held in multiple locations throughout the Fifth and Eighth districts. Nearly 600 customers attended the seven meetings to learn details about such topics as presentment, packaging, deposit deadlines and transit point locations. Feedback gathered about the value of these meetings will help us plan for future events.

Here's a recap of the three check-processing consolidations that have taken place in 2004 in the Fourth, Fifth and Eighth districts, and an update of the one to come:

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# Update

## on Cash Operations Consolidations

In July 2003, the Eighth District announced that it planned to consolidate Little Rock cash processing to the Memphis Branch of the St. Louis Fed and consolidate Louisville cash processing to the Cincinnati Branch of the Federal Reserve Bank of Cleveland. Here are some additional details about those plans.

### Little Rock Cash Conversion

The Eighth District has contracted with Loomis, Fargo & Co. to serve as the Little Rock zone cash depot. The Loomis depot is the site from which your contracted carrier picks up outgoing currency orders and delivers incoming currency deposits. The depot operator retrieves your orders and transports your deposits from the Memphis Branch. These changes became effective Oct. 12, 2004.

Please note that order and deposit deadlines have not changed. You will continue to order currency via FedLine® Web or FedPhone<sup>SM</sup> by 3 p.m. on the day preceding disbursement to ensure orders prepared by the Memphis Branch are available to your carrier at the Loomis depot on your normal disbursement date. Deposits will receive same-day credit if delivered to the Loomis depot by the 2 p.m. deposit deadline. Remember that currency deposits to the depot must have their corresponding deposit tickets on the outside of the shipping container instead of the inside.

The Memphis Cash department is striving to provide the same high level of customer service that you have become accustomed to receiving from the Little Rock Branch. A complete list of contact names and numbers is posted online at [www.stlouisfed.org](http://www.stlouisfed.org) under Customer Communications on the Services for Financial Institutions home page. Look for the 8/19/04 letter posted under Cash Operations.

### Louisville Cash Conversion

The consolidation of the Louisville Cash Operation will occur in two phases. The first phase will take effect on Friday, Oct. 29, 2004. Beginning that date, all Louisville customers need to order cash shipments from the Cincinnati Federal Reserve office; however, your carrier will continue

to physically pick up your currency orders and deposit your currency at the Louisville Federal Reserve office as it does today.

The second phase of the conversion will occur in mid- to late-December and will require your armored carrier to deliver deposits to, and pick orders up from, the Brink's Inc. facility in Louisville. Customers will receive additional information as details are finalized.

Effective at the opening of business on Friday, Oct. 29, 2004, customers will need to take note of the following changes:

- The Cincinnati Fed's Cash Operations number is (513) 455-4241.
- The FedPhone toll-free telephone number will change to 1-866-821-0388. Customers' PIN numbers and passwords will remain the same. Please note that you will be provided with two new menu options for ordering supplies and notification of deposits.
- You must place your orders, either by FedPhone or FedLine Web, by 1 p.m. Eastern Standard Time (EST).

In order to receive timely credit, currency deposits must have their corresponding deposit tickets on the outside of the shipping containers instead of the inside.

The St. Louis and Cleveland banks share a commitment to our Fed customers, and we recognize that success will be measured by the level of customer satisfaction. The entire Fourth District cash staff is committed to providing outstanding customer service to you.

If you have any questions about the conversion process, please contact Scott Jones in Louisville at (502) 568-9222 or Rich Joesting in Cincinnati at (513) 455-4240. ■

# DISCOVER Every Advantage... FedLine Advantage Is Coming

FedLine Advantage is the Federal Reserve bank's newest access method that leverages web technology to provide all Federal Reserve financial services, including critical electronic payments services. This includes Fedwire® Funds Service, Fedwire Securities Service and FedACH<sup>SM</sup> Services.

FedLine Advantage has robust security features, including authentication, encryption, firewalls and intrusion detection. Customers can expect the same level of attention to security detail that the Federal Reserve has delivered with all of our FedLine Access Solutions. Through the use of advanced technology, FedLine Advantage provides more choices to fit your business environment, as well as improved convenience and functionality.

In February 2004, the Federal Reserve banks began testing the conversion process, converting from the existing DOS-based FedLine to the new FedLine Advantage access solution. The conversion to FedLine Advantage marks the final steps in the move from DOS-based FedLine to access that is built on web technology.

Of course, advances in technology are not the only benefit. Like any new solution, FedLine Advantage looks and feels different. Current DOS-based FedLine subscribers will notice considerable improvements in their user experience, including a

familiar browser interface, personalized access to their financial services, online help and an onsite mailbox that will provide alerts and announcements.

The Federal Reserve banks have helped customers prepare for their upcoming conversions to FedLine Advantage by offering in-person and online seminars free of charge. The remaining in-person seminar will be held in New York on Dec. 1, 2004, from 9 a.m. to 12:30 p.m. EST. Register today to better understand:

- why FedLine Advantage is replacing DOS-based FedLine;
- how this solution embraces industry-standard technology;
- how Fedwire Funds Service, Fedwire Securities Service and FedACH Services have been enhanced to provide more robust functionality and a better user experience; and
- what your organization can do to prepare for your FedLine Advantage conversion.

Online seminars will be available from Oct. 26 through Dec. 1 by visiting [www.frbsservices.org](http://www.frbsservices.org). Click on the registration link to reserve your place. If you require assistance to register online, please call (312) 322-4766. ■

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## Looking Ahead at Phase Two of the Fed's Check Restructuring

*continued from Page 1*

### Louisville to Cincinnati

The conversion of Louisville's check-processing operations to the Cincinnati Branch of the Federal Reserve Bank of Cleveland took place officially after the close of business on Aug. 27. The conversion went smoothly, according to District and System officials. The Cincinnati office successfully processed about 2.6 million items over the conversion weekend and 2.9 million the following Monday—650,000 of which were from Louisville.

### Little Rock to Memphis

The conversion of Little Rock's check-processing operations to the Memphis Branch took place officially after the close of business July 23. The Memphis office successfully processed about 2 million items (an increase of more than 1 million items) during the conversion's first weekend.

### Charleston to Cincinnati

The conversion of Charleston's check-processing operations to the Cincinnati Branch took place

officially after the close of business June 25. The Cincinnati office successfully processed 2.3 million items over the conversion weekend—469,000 of which were Charleston RCPC and City items—and balanced this work the first day.

### One More to Go This Year

The Cincinnati check staff has already successfully completed two conversions, and they are busy putting more improvements into place. The final conversion of the year will occur at the close of business on Friday, Oct. 29, when Indianapolis check processing moves to the Cincinnati office.

### And the Survey Says...

Following each conversion, customers were surveyed in an attempt to learn what worked and what didn't. Their feedback proved invaluable in helping us understand what areas needed improvement. We are certain that the changes we implemented following each conversion led to a much better experience for those customers involved in subsequent conversions. ■

## Reserve

We are continuing to distribute We're Here To Serve fliers each month to check customers via outgoing cash letters. Look on the Fourth and Eighth districts' web sites under Services for Financial Institutions, then Check Operations, to view all past fliers. By giving customers easy access to helpful information, both Reserve banks hope to improve customer service and provide information that will be beneficial to our customers' operations.

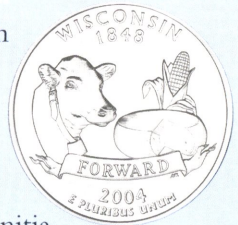
### Series 2004 \$50 Note Now in Circulation



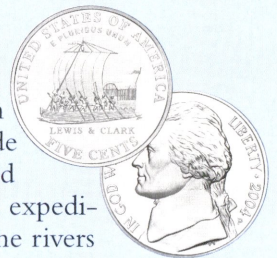
The Series 2004 \$50 note went into circulation Sept. 28, 2004. The redesigned note has additional security features to stay one step ahead of counterfeiters and to protect the integrity of U.S. currency. A solid understanding of the new features will help your staff recognize counterfeit bills and

help protect your financial institution against counterfeiters. To learn more about the new \$50 note or to order free educational materials, visit the Bureau of Engraving and Printing's web site at [www.moneyfactory.com/newmoney](http://www.moneyfactory.com/newmoney).

The Wisconsin quarter is the fifth and final commemorative state quarter to be released in 2004. It is the 30th in the United States Mint's 50 State Quarters® Program, which at year-end will be halfway through the 10-year initiative. The first quarter to be released in 2005 will be for California. To learn more about this program, visit [www.usmint.gov/mint\\_programs/](http://www.usmint.gov/mint_programs/).



The second commemorative nickel of 2004, which debuted in September, features an angled, side view of the vessel that transported members of the Lewis and Clark expedition and their supplies through the rivers of the Louisiana Territory in search of a north-west passage to the Pacific Ocean. Three new designs will be featured in 2005 as part of the Westward Journey Nickel Series™. To learn more, visit [www.usmint.gov/mint\\_programs/](http://www.usmint.gov/mint_programs/). ■



## We Need Your Help to Reach the Right Audience

We strive to provide accurate and timely communications to all of our customers, but in order to reach the right audience we need your assistance. Please help us keep our communication tools up-to-date.

### Electronic Notification System (ENS)

Our online databases provide key information to the right people at your institution at the right time. In order to provide day-to-day contact information by service line for your institution, please work with your chief operations officer to complete the form located at the following web sites:

**For all Fourth District institutions:**  
[www.clevelandfed.org/ENS/FRBCContacts](http://www.clevelandfed.org/ENS/FRBCContacts)

**For Charleston institutions whose check processing is done in Cincinnati:**  
[www.clevelandfed.org/ENS/CharlestonContacts](http://www.clevelandfed.org/ENS/CharlestonContacts)

**For Louisville institutions whose check processing is done in Cincinnati:**  
[www.clevelandfed.org/ENS/LouisvilleContacts](http://www.clevelandfed.org/ENS/LouisvilleContacts)

**For Indianapolis institutions whose check processing is/will be done in Cincinnati:**  
[www.clevelandfed.org/ENS/IndianapolisContacts](http://www.clevelandfed.org/ENS/IndianapolisContacts)

If you have any questions, please call Don Moll at (216) 579-2159 or Sandy Runyon at (216) 579-2158 in the Customer Satisfaction Department.

### Electronic Distribution (ED)

You can subscribe—or change your subscription—to the Eighth District's ED e-mail alert service online at [www.stlouisfed.org](http://www.stlouisfed.org). Look under E-mail Alerts in the top right-hand corner. If you have any questions, please call Tracie Mueller in Public Affairs at (314) 444-8810. ■

### Federal Reserve Banks Are Prepared for Check 21

Implementation of the Check Clearing for the 21st Century Act—commonly called Check 21—is finally here. On Oct. 28, financial institutions around the country can take advantage of the potential time and cost savings of the new law.

As the nation's largest processor of interbank check payments—clearing approximately half of all interbank checks written in the United States—the Federal Reserve banks stand ready to help you improve and streamline your payments operations.

New product suites designed for Check 21 will allow your institution to take advantage of the Fed's nationwide clearing network, which can offer your financial institution faster clearing at much later deadlines, help reduce risk through expedited returns processing and lower your institution's end-to-end clearing costs.

The FedForward<sup>SM</sup> product suite is designed to help you clear dollars more quickly, reduce transportation, streamline backroom operations and extend deadlines. FedForward products include FedForward Image Cash Letter Deposit and Electronic Endpoint Group Sort.

The FedReturn<sup>SM</sup> product suite can help you

transform your inbound and outbound returns processing operations, streamline backroom operations, improve quality and speed the returns process. FedReturn services include Qualified Return Image Cash Letter Deposit, Derived Returns and Bank of First Deposit Return Information Service.

The Federal Reserve's new inclearing services, such as FedReceipt<sup>SM</sup> and FedReceipt Plus, can help paying banks shift to electronic check receipt and maximize the benefits associated with electronic processing.

Existing electronic-processing products, such as FedImage<sup>SM</sup> Services (which includes FedImage Capture, Archive, Retrieval and Delivery), can round out your Check 21 solutions package, giving your institution the flexibility and efficiency you demand.

To learn more about pricing for the new Check 21 product lines, contact your account executive or visit [www.frbervices.org](http://www.frbervices.org) and choose Check 21. ■

## Destination Check 21

### An Online Road Map for Winning Check 21 Strategies

If you'd like to learn more about how your financial institution can take advantage of Check 21, register today for the Fed's free "Setting Your Course for Success" seminar. Because it's online, you can "attend" anytime between now and March 2005.

The seminar will help you:

- consider your business case for Check 21 opportunities;
- learn why there's no need to rush into making large capital investments;
- learn why some institutions are moving faster than others toward check-image clearing;
- assess where you are on the road to check-image clearing and determine where to go next; and

- find out more about how the Fed's Check 21-related products can help you prepare for the Oct. 28 implementation.

All CEOs, presidents, CFOs and other senior managers are invited to take part in this free online seminar. To learn more or to participate in the seminar, visit [www.destinationcheck21.com](http://www.destinationcheck21.com) or contact your account executive. ■

## Times of Change Call for Effective Communication and Increased Awareness

In these times of intense change in the financial services industry, Fed-hosted events provide avenues for two-way communication with our customers and help to increase their awareness of the Fed's products, services and capabilities. Over the past year, the Cleveland and St. Louis banks hosted seven Fed Exchange seminars and nine Check Restructuring meetings, attracting more than 1,300 customers.

We shared information on the progress of Check 21 and on how the Federal Reserve can help position financial institutions for the opportunities enabled by the Check 21 Act. We also provided assistance to customers who were affected by the Fed's check-processing changes as we shared the most up-to-date check restructuring information available to help them prepare and minimize the impact on their operations.

Customers who attended these sessions said they valued the timely information and looked forward to more information-sharing events. If you have any questions or comments to share about the Fed Exchange seminars or Check Restructuring meetings, contact Sandy Runyon in Cleveland at (216) 579-2158 or Debbie Boren in St. Louis at (314) 444-8946. ■



### Next Issue: Saying Goodbye to *Payments Quarterly*

As we wrap up the activities of 2004, we will soon say goodbye to *Payments Quarterly*. This quarterly newsletter has been a primary tool to share news and product updates with customers since 1996, but now that need is met through the Federal Reserve System publication *FedFocus*, which was created at the end of 2003.

Don't miss the final issue of *Payments Quarterly*, which will be distributed in mid-December. We'll take a look back at the evolution of the Fed's financial services and look ahead to the many transitions that are occurring within the Federal Reserve. ■

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

#### FEDACH<sup>SM</sup>

##### 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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