

Reducing transportation worries with Check 21

The decision to streamline financial institution operations by moving to electronic check transmission from paper is a significant step forward to help manage transportation-related risk and minimize operational concerns.

In the realm of risk management, reducing your reliance on physical transportation really matters. Reduced transportation means financial institutions have less to fear from the delays and disruptions of weather, traffic and human error.

Du Quoin State Bank, located in Du Quoin, Illinois, took steps to reduce its reliance on transportation in early 2007, when it implemented the Federal Reserve Banks' Check 21-enabled product suite: FedForward®, FedReturn® and FedReceipt®.

Headquartered in southern Illinois – where winters can be harsh – and with branches in Du Quoin and the Village of Tamaroa, couriers were on the road daily transporting checks between the three facilities.

Daniel R. Fulk, president and CEO, looked beyond improved availability and extended deadlines to the risk-mitigation benefits provided by Check 21-enabled products. “Reduced weather risk and other transportation risks were considered before opting for Check 21-enabled services,” explained Fulk. “By eliminating the physical transportation of documents between facilities, our bank significantly reduced the possibility of losing evidence pertaining to the transactions we process,” he continued.

As the nation's largest processor of interbank check payments, the Federal Reserve Banks work closely with financial institutions and industry participants to help them realize the full array of benefits that the Check 21 Act makes possible. Once image-transmission technology is implemented, financial institutions can begin to realize improved effectiveness and efficiency of payments processing afforded by Check 21.

Today, more than 45 percent of checks deposited with the Federal Reserve are in an Image Cash Letter (ICL) and almost 25 percent of items are presented by the Federal Reserve in an ICL. Financial institutions are increasingly taking advantage of the benefits enabled by the Check 21-enabled product suite, which leverages the Federal Reserve Banks' nationwide clearing network to offer:

- Extended deadlines
- Improved availability
- Reduced transportation concerns
- Streamlined backroom operations

Transitioning to Check 21-enabled services, which reduces the dependence upon paper processing, can help financial institutions save time and money and limit their exposure to transportation risk. For more information, visit the Destination Check 21 Online Resource Center at www.destinationcheck21.com or contact your account executive via *My FedDirectory* on www.frbsservices.org.

Gauge your business case for Check 21

To calculate how your institution might benefit from the savings, efficiencies and service offerings afforded by the Federal Reserve Banks' Check 21-enabled products, visit the new and enhanced Check 21 Business Value Calculator located at www.destinationcheck21.com/.

There, you can see the five-year net benefit of using the Check 21-enabled product suite: FedForward, FedReturn and FedReceipt.

