



By James P. Ghiglieri Jr.

The Check Roadmap

Alpha Community Bank isn't known as an early technology adopter. Few community banks are. But when the time for change arrives and all that's left to decide is *when* to pull the trigger, taking action, for us, is the easiest part. We simply find a way to get the job done as we always do.

With the enactment of Check 21 giving legal status to substitute checks (copies of check images) in 2002, the long-heralded "electronic check clearing environment" moved that much closer to reality. Alpha Community Bank, eager to do away with the costs and time delays of check couriers, was one of the first banks in the country to send and receive image cash letters from the Federal Reserve.

I was actually surprised at how smooth the transition went. We encountered no problems, and it proved crucial in our migration towards image check clearing as a source of savings as well as potential profits for the bank. Not all community bankers have jumped on the bandwagon, but every day that passes the business case for image processing grows more compelling.

The number of paper checks our customers write continues to dwindle. Roughly 37 billion checks were paid in the United States in 2003, down from about 42 billion in 2001 and 50 billion in 1995, according to the Federal Reserve. Results from the Fed's latest check study will soon be announced and most expect another significant paper check volume decline. Hoping to spur greater industry adoption of image check processing, the Fed has announced its timeline for transforming its paper-based check operations to image (see related story on page 98).

Alpha Community Bank is now exploring remote deposit offerings to allow

customers to scan and transmit their checks electronically instead of making daily trips to my bank. As a community banker I cherish these interactions, but if remote deposit proves an effective service to attract the aggressively courted small business customer, we must be responsive. For my bank, as well as other community banks, small businesses remain economic engines for our communities. The nimbleness of community banks to adapt to a changing environment gives us an advantage over our larger, more complex banking rivals.

According to ICBA's 2007 Community Bank Payments Survey, the results of which are analyzed in this month's *ICBA Independent Banker* cover story, some 45 percent of the 1,100 community banks ICBA polled expect to offer a remote deposit solution in two years, placing Alpha Community Bank in line with many of its peers. Twenty-one percent have already rolled out the service to their business customers, compared with just 4 percent the last time the survey was done—a more than 400 percent increase.

Community bankers, it seems, have heard the message loud and clear and are choosing to act *before* their best prospects are lured away. Now is the time to construct your bank's check roadmap, with frequent checkpoints along the way. Then you can take on the most familiar role as a community banker—getting it done. **fb**

A handwritten signature in black ink, appearing to read "James P. Ghiglieri Jr." with a stylized flourish at the end.

James P. Ghiglieri Jr. is ICBA's chairman and the president of Alpha Financial Group Inc. in Toluca, Ill.