




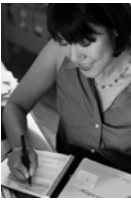
	<h2>Making the Case for Remote Deposit</h2> <p>NASACT August 21, 2006 Kristine Oberg, VP Product Development U.S. Bank</p>


	<h2>What Is Remote Deposit?</h2>
	<ul style="list-style-type: none"> • Allows for checks to be scanned at point of presentment <ul style="list-style-type: none"> – an office, dropbox, mailed location, or point of purchase • Items are sent to bank and processed as an image check deposit and/or via the ACH. <ul style="list-style-type: none"> – also a model that allows some transactions to ride VISA POS rails as an EFT 


	<h2>NACHA E-Check Rules Began the Opportunity</h2>
	<ul style="list-style-type: none"> ■ Conversion of consumer checks to electronic transactions at point-of-sale or dropbox/lockbox ■ ARC and POP SEC Codes ■ Some barriers posed by different rule sets depending on how check tendered ■ Incomplete solution – not all checks can be electronified

	<h2 style="margin: 0;">Check 21 Legislation Opened Another Door</h2>
	<ul style="list-style-type: none"> ■ Created to ensure the U.S. had a banking system governed by robust payments rules and regulations to provide payment processing that is: <ul style="list-style-type: none"> - Safer - Faster - More effective ■ A substitute check is considered a legal document <ul style="list-style-type: none"> - Effective October 28, 2004 ■ Paves the way for banks to apply new technologies to traditional check processing activities <div style="text-align: right; margin-top: 10px;">  <p>Substitute Check Example</p> </div>

	<h2 style="margin: 0;">ACH Back-Office Conversion Will Continue Momentum</h2>
	<div style="margin-bottom: 10px;">  <p>NACHA The Electronic Payments Association</p> </div> <ul style="list-style-type: none"> ■ Rule effective March 2007 ■ Able to convert eligible checks accepted over-the-counter in a "back-office" environment ■ Eliminates some barriers presented by POP conversion <ul style="list-style-type: none"> - Returning check to consumer at POS - Written authorization requirements

	<h2 style="margin: 0;">Making the Case</h2>
	<ul style="list-style-type: none"> ■ Banking relationships ■ Process & cost of getting deposit to the bank ■ Float efficiencies ■ Acceleration of returned item info ■ Posting of receivables data ■ Efficient electronic record ■ Workflow <div style="text-align: right; margin-top: 10px;">  </div>


Media Company Case Study	
	Remote Deposit: Land of New Opportunity

Environment	
	<ul style="list-style-type: none"> ■ Geographic diversity ■ 30+ locations ■ Local banking needs ■ Lockboxes fully utilized ■ Local depositories fully utilized ■ Point of sale receipts ■ Mailed receipts ■ Back office receipts

Workflow	
<ul style="list-style-type: none"> ■ Checks collected throughout day <ul style="list-style-type: none"> - Point of sale - Mail - Back office ■ Checks copied ■ Various paths to deposit <ul style="list-style-type: none"> - High dollar checks sent overnight to lockbox - Low dollar checks processed for local deposit - Armored car service delivers to cash vault 	

	Opportunities
	<ul style="list-style-type: none"> ■ Time spent copying checks ■ Time spent preparing manual deposit ■ Deposit ticket/ and bag costs ■ Overnight courier costs ■ Armored car costs ■ Cash vault costs ■ Delay in availability of funds ■ Deposits in transit – impact on accounting close

	Opportunities
	<ul style="list-style-type: none"> ■ Time spent copying checks Yes ■ Time spent preparing manual deposit Maybe ■ Deposit ticket / and bag costs Yes ■ Overnight courier costs Yes ■ Armored car costs Yes ■ Cash vault costs Yes ■ Delay in availability of funds Yes ■ Deposits in transit – impact on accounting close Yes

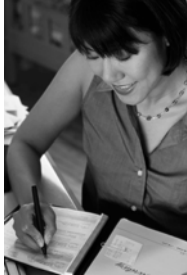
	Deployment Considerations
	<ul style="list-style-type: none"> ■ Check types (consumer vs. business) ■ Check volume ■ PC and scanner requirements ■ Technical assistance and training ■ Check storage and destruction ■ Backup procedures <div style="display: flex; align-items: center; margin-top: 10px;">  </div>

	Results
	<ul style="list-style-type: none"> ■ Check Types <ul style="list-style-type: none"> - They handled consumer and business checks - Felt imaging solved the issues around business checks and dollar thresholds - We decided to only image checks at this time – no ACH conversion ■ Check volume <ul style="list-style-type: none"> - Scanners come in a variety of sizes and speeds - Purchased scanners that fit the size and need of each location

	Results
	<ul style="list-style-type: none"> ■ PC requirements <ul style="list-style-type: none"> - Most computers purchased within the last three years meet remote deposit PC requirements - Had to buy a couple new computers (welcomed by the local account department that wanted a new PC anyway) ■ Technical assistance and training <ul style="list-style-type: none"> - Local IT helped on each installation - Time commitment was minimal - One individual sat through a two hour telephone training session and became the remote deposit point person for the unit

	Results
	<ul style="list-style-type: none"> ■ Check storage and destruction <ul style="list-style-type: none"> - Checks were stored for 30 days initially - After the first 60 days checks were stored for 7 days - Checks were destroyed locally using a paper shredder - Image is now legal document. Once we knew we had a clean image we could destroy. ■ Back-up procedures <ul style="list-style-type: none"> - Still have ability to make local deposit - Some armored car contracts are now set up for on call service

	Findings
	<ul style="list-style-type: none"> ■ High satisfaction ■ Scanner considerations <ul style="list-style-type: none"> – Cost – Buy vs. lease – Warranty – Support – Compatibility ■ Deposit cut-offs usually better than local depositories – even lockboxes in some places



	Findings
	<ul style="list-style-type: none"> ■ Products are well thought out <ul style="list-style-type: none"> – Duplicate checks/batches – Character recognition – Scanning quality – Deposit notifications – Deposit to multiple accounts – MICR line repair – Cashier checks and money orders accepted ■ Efficiency improvements tied directly to volume ■ Cost savings in banking fees, overnight couriers, cash vaults, deposit bags/tickets

	What's on the Horizon for Remote Deposit?
	<ul style="list-style-type: none"> ■ Proliferation of web-based solutions ■ Support for back-office ACH conversion in March 2007 ■ Card trends are relevant ■ Image clearing becoming much more prevalent ■ Scanner technology getting better, faster, cheaper ■ Product maturity—addressing the bells and whistles ■ Specialization of solutions – solving for very specific needs <ul style="list-style-type: none"> – Remittance processing – Custom system integration – Custom data validations

	<p><i>Questions?</i></p> <p>Kristine Oberg (612) 303-7314 kristine.oberg@usbank.com</p>
