

How to Use This Manual

Check 21, simply put, allows institutions the opportunity to avoid the physical movement of checks and to exchange checks electronically, under agreement, while opening up avenues to expedite and make the check processing in financial institutions more productive. This publication will discuss how and why financial institutions may want to act now to determine the appropriate strategic decisions that need to be made considering opportunities now available since the enactment of Check 21, the Check Clearing for the 21st Century Act.

With remote deposit capture, institutions can offer their commercial clients the opportunity to scan and transmit check images directly from their business site to the bank, thus eliminating the need to transport deposits with paper checks to the bank to be credited to their account. This is a new and unique delivery system being implemented by financial institutions across the country to benefit their business clients and to provide the institution with unique opportunities to solicit new business clients regardless of geographic location or to enhance their relationship with existing business clients by providing such things as additional convenience, improved funds availability, and faster return item notification, to name a few.

With branch capture, financial institutions can expedite their check process, extend branch hours, and reduce expense by scanning and transmitting check images directly from the branch office to their processing site without being required to physically transport checks for processing and clearing. Banks are no longer restricted in their branch hours or locations by available courier services to transport checks to a central processing location. Additionally, the cost of branch courier services will be greatly reduced or eliminated.

Because regulations dealing with Check 21 are evolving, and because technology applied to this area is also evolving, this book presents a starting place for financial institutions considering remote deposit and branch capture. As regulations are promulgated and applied, compliance information will be added to this guide. As new technological applications are developed, new guidance on operations will be added as well.

This guide contains discussions of opportunities, challenges, risks, and solutions for financial institutions considering implementation of remote deposit and branch capture. It provides

practical advice on adapting operations to accommodate these new services. It also provides checklists and sample policies.

A separate customer toolkit contains what the bank will need to give the new remote deposit customer. A how-to reference guide can be customized by the bank to provide customers with the information they will need to begin processing deposits; the guide also contains answers to frequently asked questions about the remote deposit system. Also in the toolkit are sample remote deposit customer agreement forms that can be customized: the general service agreement, including the system administrator resolution, authorization for re-presentation of returned items, and an indemnification agreement for non-affiliated accounts; a risk assessment form for deposit volume; sample remote deposit bank statement reconciliation procedures; initial sign-on instructions; and forms to update customer account, administrator, and user information.