

Lessons learned...putting experience into action

After working closely with its processor to implement Check 21-enabled services, First National Bank of Olathe is realizing greater operational efficiencies and substantial cost savings.

One of the first benefits First National Bank of Olathe (FNBO) experienced after implementing the Check 21-enabled services was the handling of transit items became very efficient, requiring minimal time to prepare files for upload to the Federal Reserve Banks. Now, the very labor-intensive challenge of encoding transit items and time-consuming process of preparing paper for cash letter dispatch are just a memory.

Working in tandem with MITS

FNBO worked closely with its processor, Midwest Information Technology Solutions (MITS), to implement the Federal Reserve Banks' suite of Check 21 services. MITS — a wholly-owned subsidiary of FNBO and Union Bank located in Kansas City, Missouri — provides the information technology services and processing for both banks, including amount entry, data corrections and balancing functions.

A smooth transition from paper-based check processing to electronic check processing is attributed to MITS' familiarity with the Federal Reserve's implementation and testing requirements necessary to move to Check 21-enabled services. "Tapping the resources of our processor and their experience working with the Federal Reserve Banks contributed to an efficient transition to Check 21," states Nick Pflumm, executive vice president and chief operating officer of FNBO.

When FNBO made the decision to bring its core processing applications in-house, management chose the same processing equipment and software as Union Bank. This

strategically aligned both organizations, providing cross-functional capabilities. MITS' knowledge and previous experience working with the hardware and software providers through Union Bank also contributed to an efficient implementation process.

Maximizing the advantages of Check 21 services

The migration to Check 21-enabled products began in November 2005, when FNBO implemented FedForward® Services, then continued throughout 2006 and 2007, with the addition of FedReturn® and FedReceipt Plus Services.

After migrating to branch capture, FNBO's nine banking centers were able to capture their own work, eliminating some of the courier runs between the branches and MITS. This enabled FNBO to extend its cut-off times so all items could be processed in the same business day — even with several branches staying open as late as 7 p.m.

By providing copies of checks, FNBO significantly reduced the paper and postage costs associated with distributing paper checks to customers. The next step will be to offer check images to customers in their statements, or e-statements for those who would like them.

Adding up the benefits

FNBO has realized several other benefits as a result of moving to Check 21-enabled products, including:

- Decreased dependence on equipment due to the elimination of a reader/sorter and its maintenance
- Decreased transportation expenses by leveraging both an internal and external courier network

Going forward, FNBO has plans to implement FedReceipt Returns, moving one step closer to end-to-end electronic check processing.

Find out how you can benefit from Check 21

If you would like to realize greater operational efficiencies and cost savings, contact your account executive for additional information on which Check 21-enabled products can be most beneficial for your institution, or visit FRBservices.org/Retail/Check21.html.

Customer Profile

Established in 1887, First National Bank of Olathe, headquartered in Olathe, Kansas, is one of the largest independent community banks in the region. This \$975 million financial institution employs 187 full-time employees at its nine banking centers located throughout Johnson County.