

# Extending the power of information to corporate customers

In July 2007, the Federal Reserve Banks announced plans to migrate Payor Bank Services to Check 21-enabled presentment services. Financial institutions that utilize these services to support their Controlled Disbursement Accounts (CDA) customers must pay close attention to every detail throughout the conversion process, as these customers rely on accurate and timely information from their financial institution to effectively manage funds.

The migration plans call for the discontinuation of all MICR Information Services and elimination of MICR Presentment and MICR Presentment Plus files in any format except DSTU X9.37-2003 by December 31, 2008.

All customers are encouraged to migrate to Check 21-enabled presentment services, such as FedReceipt and FedReceipt Plus, which provide many of the benefits available with current Payor Bank Services with the added benefit that a higher percentage of the total dollars presented are available *earlier* than with the traditional MICR and paper process, in most cases. These Check 21-enabled services help improve balance reporting for CDA customers.

## Timely and accurate posting

First National Bank of Kansas (FNBK), located in Overland Park, Kansas, and Fifth Third Bancorp (Fifth Third), headquartered in Cincinnati, Ohio, utilize FedReceipt Plus and provide CDA services to their corporate customers.

They implemented FedReceipt Plus in 2006 and 2007, respectively, and are now experiencing the operational advantages associated with electronic check presentment. "With FedReceipt Plus, we are able to reduce manual processing, time and labor," indicates Nunzio Croce, second vice president of deposit services at FNBK.

Both institutions are able to provide more accurate and timely information to their CDA customers, as well. Mike Beach, vice president of image services at Fifth Third, indicated that FedReceipt Plus has positioned them to process items faster with increased accuracy. "We are consistently seeing reduced error rates." By providing better accuracy, "CDA customers experience fewer overdrafts and are able to more fully invest funds," expressed Lisa Tiemeyer, Fifth Third's manager of product strategy and development.

Prior to migrating to FedReceipt and FedReceipt Plus, Fifth Third, its Federal Reserve Bank account executive

and the entire Check 21 implementation team collaborated to understand Fifth Third's expectations and the service requirements for its CDA customers. Based on longer processing times normally encountered with full image cash letters, Fifth Third expressed concerns regarding the timing of the last image file. This was the impetus for their use of FedReceipt with Supplemental MICR, which offers institutions the ability to receive a MICR-only file for reporting prior to receiving a file with images attached. Due to the file size, Fifth Third is able to process the MICR-only file faster than the image file. After piloting Supplemental MICR, Fifth Third rolled out FedReceipt, one CDA endpoint at a time, over a three month period.

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**"Going forward, Fifth Third's adoption of the full Check 21 product suite is the foundation of lower costs and improved payments services."**

Mike Beach, Vice President  
Fifth Third Bancorp

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## Looking ahead

Investing in Check 21-enabled services early has assisted FNBK and Fifth Third in being well situated as the trend toward electronic check processing accelerates. Croce emphasized that "FNBK is positioned very well for the future." From a product development perspective, Tiemeyer indicated that FedReceipt Plus fits into a broader product development strategy for full digitization. "Our customers are 'getting it' as they understand the better value proposition provided by full electronics."

## Action needed

All financial institutions should be migrating now from traditional Payor Bank Services to Check 21-enabled presentment services to prepare for the sunset of many Payor Bank Services by December 2008. For more information, contact your account executive, or visit [FRBservices.org/communications/payor\\_conversions.html](http://FRBservices.org/communications/payor_conversions.html).