

Capitalize on the rewards of Check 21

As the payments system continues its remarkable transformation from paper to electronics and the use of Check 21-enabled image exchange rapidly gains momentum, now is the time for you to take full advantage of the opportunities presented by electronic check clearing. Since the Check Clearing for the 21st Century Act was implemented in 2004, financial institutions across the country have continued to capitalize on Check 21 to improve funds availability, reduce transportation costs and strengthen their product offerings to business and retail customers. In 2007, our goal is to help even more institutions across the nation realize the benefits of these services.



As one of the nation's leading providers of check image clearing services, the Federal Reserve Banks offer a comprehensive product suite that continues to evolve to help meet our customers' needs. Our products include alternatives for end-to-end check image clearing, as well as options that support image clearing for those financial institutions that are not quite ready to send or receive images. We can accommodate settlement for your Check 21 deposits and inclearings directly or through your correspondent, and all of our payments services are accessible directly through the FedLine access solution or through your processor's connection to our payments networks.

Financial institutions like yours are taking advantage of our Check 21-enabled products, FedForward®, FedReceipt® and FedReturn®, in ever-increasing numbers. The following statistics demonstrate how dramatic the transition to check image clearing has been:

- Over 38 percent of all checks collected by the Federal Reserve Banks are deposited in image cash letters (ICLs).
- Financial institutions deposited more than 340 million forward items in ICLs in May 2007, a 300 percent increase over May 2006.
- More than 18 percent of checks deposited with the Federal Reserve Banks are presented electronically to paying banks.
- In May 2007, nearly 3,000 financial institutions deposited ICLs with the Reserve Banks and more than 2,000 received ICLs for presentment from Reserve Banks.
- By the end of 2008, we expect 70 percent of volume to be deposited in a FedForward or FedReturn cash letter, and over half of all inclearings to be presented in a FedReceipt file.

For nearly 100 years, the Federal Reserve Banks have been serving financial institutions throughout the country and we are proud to continue this tradition as the payments system migrates from paper to electronics. If you have not yet considered how to make the transition to check image clearing and receipt, I strongly encourage you to contact your Account Executive for a customized cost and benefit analysis.

We look forward to working with you to find the solution that best fits your organization.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick K. Barron".

Patrick K. Barron

First Vice President and Chief Operating Officer
Retail Payments Product Director
Federal Reserve Bank of Atlanta