

Check Services – National Business Continuity Information

Contact Information

If you suspect a Federal Reserve check processing disruption, it is not necessary to contact the local Federal Reserve (FR) office directly. The FR office will broadcast information to financial institutions (FIs) using e-mail, fax, FedLine, telephone or Web site postings. Refer to the [District Check Services Disruption Information](#) or a link to details regarding the disruption notification process for each office.

Disruptions to Federal Reserve Check Services

During a check-processing disruption at any FR location, FR staff will work to ensure the highest possible level of service. Successful operations will require both coordination and cooperation between FIs and FR staff.

Check Services include forward item deposit processing, return item processing, adjustments and payor services. Some components for these services are delivered from local Federal Reserve offices, some from national service offices. Physical check sorting and information capture takes place in local facilities, whereas backroom information processing and archiving is provided by centralized national functions. Disruptions at the local FR processing sites may have more significant business impact than disruptions at the national sites. The local systems encompass check sorters, physical check storage and check transportation centers. Immediate fail-over or back up is not possible for this system. For national services, the fail-over capabilities of the computer systems significantly reduces the length of disruptions to these systems. For this reason, the remainder of this guide focuses on disruptions to local FR check processing offices.

Disruptions for the check operations are defined as short-term and long-term. A short-term disruption lasts 48 hours or less and does not require relocation. A long-term disruption lasts from 48 hours to 60 days and generally requires FR relocation for some period of time.

During a Federal Reserve Check Services Business Disruption

What to Expect

Because each disruption is unique, the affected FR processing office will react according to the specific situation and its local plan. The information in this section indicates what a financial institution may generally expect, but is not intended to specifically describe what will happen during any business disruption.

Depositing FIs

Due to physical processing considerations, a long-term disruption may result in suspension of check processing by that particular FR office for up to 48 hours, until relocation of the FR Check Services operations center can be accomplished.

If relocation is necessary, alternative deposit locations may be declared for the local office. The local FR office will identify alternative sites if used. See the [District Check Services Disruption Information](#) page for a link to local information.

Depositing FIs may wish to seek alternative channels for return items during this relocation period.

Upon resumption of FR processing, reduced processing capacity may exist. Again, the local FR office will provide information based on the specifics of the disruption. To best manage capacity issues, the FR office may encourage depositors to seek alternatives, or it may limit services. As an example, High Dollar Group Sort could be suspended and run as RCPC.

Reserve Banks may institute emergency group sorts. FIs with sufficient sorting capabilities may be asked to produce additional cash letters to enable the effectiveness of these group sorts or to create large-dollar item cash letters to allow for the prioritization of work. Depositors may also be asked to send cash letters to other FR offices or to utilize correspondents to the extent they are available during this time.

Payor FIs

Because of the interdependencies between payor services and deposit processing, institutions should be aware that payor services would be affected by processing changes during a disruption. If deposit processing is suspended for up to 48 hours during relocation, payor services for current presentments will also be suspended. However, access to archived images will continue to be available.

If the FR operation is relocated, payor services would resume although capacity changes, processing schedules and deposit patterns may affect the service provided. For example, files typically available in the early morning from RCPC processing may be delayed from normal schedules. Also, fine sort or Same Day Settlement inclusion may not be processed on the FR system, again depending on local situations.

Truncation and MICR Presentment Plus services may be affected. There may be no access to physical items held in storage. Image archive copies may be used for returns requested from stored items.

What You Should Do

For business continuity planning, FIs should consider their ability to react to the following potential demands of a disruption. This list is intended to provide only a sample of considerations for planning purposes. Each business disruption is unique and the specific aspects of a business disruption will determine the necessary course of action by the FR. In addition, the services used by the FI, its access to alternatives, sorting capacity, management decisions and legal issues will all need to be considered prior to taking specific action.

Depositing FIs:

Sort Pattern Flexibility – Depending on your institution's sorting capacity, be ready to adjust sort patterns on short notice. Possible adjustments could include the increased use of fine sorts, sorting Other Fed from local work, separating large-dollar items for expedited processing and implementing emergency group sorts if declared by the local FR office.

Return Processing - Implement alternate channels for return processing. Be prepared to separate local returns from Other Fed returns.

Deposit Records - Depending on the severity of the situation, check images from your electronic archive or microfilm could be required if the original items are destroyed or cannot be retrieved from the local FR office. Ensure these records are available and be prepared to recreate check payment information and present indemnified copies if necessary. This would need to be closely coordinated with the local FR to ensure duplicate items are not created and presented.

Deposit Holds – FIs may wish to take action to hold or delay availability of funds within the bounds of Reg. CC for deposits containing transit checks delayed because of the disruption.

Courier Notification - Ensure couriers are notified of the business disruption as soon as possible. Certain conditions may require rerouting or instructing them to be on standby until alternative delivery sites are available.

Account Management - Posting of credits and debits and advice delivery could be delayed. FIs should be prepared to receive such information later in the processing day and react accordingly.

Payor FIs

No File Delivery – Paying FIs should ensure that information systems do not contain job flows or automated scheduling that require file deliveries from the FR. During a relocation period or a short-term disruption, files of presentment data or information may not be produced. Also, paying FIs should ensure that a change in the number of file deliveries could be handled by their systems. For example, if HDGS is eliminated at the contingency location, the FR may present only one electronic file to those RCPC endpoints receiving two files under normal conditions.

Alternate Physical Presentment – FIs normally receiving only electronic check presentments should be prepared to handle physical check presentments.

Later File Delivery – Paying FIs may need to receive files from the FR processing centers at later times.

Controlled Disbursement Accounts – Paying FIs providing controlled disbursement/treasury management services should be prepared to notify customers of potential delays and disruptions to their services.

Return Processing - For Truncation or MICR Presentment Plus customers, requests for retrieval of physical items for return or other purposes will not be possible if the local FR office cannot be accessed. The FR may use image copies for the return process.

Preparing for Check Services Business Disruptions

Your institution's normal operating procedures, record keeping practices and attention to daily routine are important safeguards against check processing interruptions. In addition, knowledge of the plans outlined here will help ensure continued service during a Federal Reserve check processing disruption.

It is essential that key personnel at your institution are aware of these procedures and ready to implement your plans as needed. We suggest printing and distributing copies of this information to appropriate personnel and including this information in your institution's business resumption plan.