



October 31, 2008

## **Announcing 2009 Federal Reserve Financial Services Fees**

To All Federal Reserve Financial Services Customers:

The Federal Reserve Banks remain committed to offering innovative payment solutions for financial institutions of all sizes. We continue to focus on providing reliable and robust payment services that are designed to be secure while preparing for the future by modernizing our infrastructure.

Our investments in technology over the last several years have been directed at better addressing our customers' needs and have provided opportunities for us to offer financial institutions more electronic payment processing options, enhanced payment information services and contemporary electronic access alternatives. These changes have allowed financial institutions to utilize the investments they have made in technology to expand their ability to offer end-user customers more robust banking and cash management solutions.

Specific changes in Federal Reserve Financial Services fees for 2009 take into consideration the widespread adoption of efficient electronic payment processing alternatives. Fee changes will take effect January 2, 2009.

### **Widespread Adoption of Check 21 Continues**

The Check 21 legislation has transformed the landscape of check clearing in just five years, and the Federal Reserve Banks expect a predominantly electronic check clearing environment by the end of 2009. The Federal Reserve Banks' Check 21-enabled product suite provides customers opportunities to gain operational efficiencies associated with end-to-end electronic check processing.

Price changes for 2009 focus on the delivery of premium value-added services, the costs associated with handling and transporting paper and the risks associated with deposits received at late deadlines. However, with the continuing movement toward FedReceipt<sup>®</sup> Services, the average Check 21 depositor should see a reduction in fees of approximately ten percent by mid-year 2009. Specific updates include:

- Changes in cash letter fees and select item fees for FedForward<sup>®</sup> and FedReturn<sup>®</sup> Services
- Application of the presort pricing discount to electronic endpoints
- Modifications to the FedForward Services alternative pricing option
- Implementation of tiered pricing for fine sort cash letters
- Changes in the fees for FedReceipt Services premium delivery and courtesy delivery
- Modification to select FedForward Services deadlines

## **Migration from Paper-based Check Clearing to Check 21-enabled Services Continues**

The increased use of Check 21-enabled Services to clear checks has had a significant effect on traditional check collection services. The transition from a paper-based check clearing network to more electronic alternatives is placing increased cost pressures on all industry participants who provide paper check clearing services. The widespread adoption of Check 21-enabled Services and decline in the demand for processing paper check deposits necessitate significant changes in our paper check infrastructure and pricing. The Federal Reserve Banks will complete the migration to standard products, deadlines and pricing structures for forward collection, return items and electronic check presentation services. Specific changes to paper-based check clearing include:

- Adoption of a limited portfolio of forward and return deposit options
  - Forward deposit options will include mixed, non-imageable, non-machinable and separately sorted government/Postal Money Orders (POMO)
  - Return deposit options will include Qualified Mixed and Unqualified
- Deposit deadlines of 12:01 a.m. local time and 3 a.m. local time
- Standardization of prices across all Federal Reserve Banks
- Adoption of a national tiering structure
- Deferred availability for non-imageable, non-machinable and unqualified items

Details regarding Check 21-enabled Services and Paper Check 2009 fees can be found at [FRBservices.org/check/index.html](http://FRBservices.org/check/index.html).

## **FedLine® Customer Access Services Growth Continues**

Beginning in 2004, the Federal Reserve Financial Services initiated modernization of FedLine Customer Access Services. This was designed to offer a comprehensive suite of services to meet the unique payment processing and payment information needs of financial institutions of all sizes.

The overall impact of price changes to FedLine Customer Access Services will be minimal. Details regarding 2009 pricing can be found at [FRBservices.org/accesssolutions/index.html](http://FRBservices.org/accesssolutions/index.html).

## **FedACH® Services Increase Monthly and Manual Processing Fees**

To reflect the higher costs of processing returns and NOCs in a non-automated manner, the fees for originating these items via facsimile or via FedPhone® will increase to \$30.00 and \$3.00, respectively. Additional changes include:

- The non-electronic input/output (CD/DVD or paper) fee will increase to \$50
- The monthly account servicing fee will increase to \$37 per RTN
- The monthly FedACH settlement fee will increase to \$37 per RTN
- The monthly information extract file fee will increase to \$35 per RTN

Details regarding 2009 pricing can be found at [FRBservices.org/fedach/index.html](http://FRBservices.org/fedach/index.html).

## **Fedwire® Funds, Fedwire Securities and National Settlement Services Progress Continues**

The Federal Reserve Banks continue to modernize and enhance wholesale services to meet business demands in the large value payments market. In 2009, the following changes will be made:

- Fedwire Funds will introduce a \$60 monthly participation fee and increase offline fees to \$40
- Fedwire Securities will increase account fees to \$21, online fees to \$0.35 and claims adjustment fees to \$0.60. Prices for U.S. Treasury Securities are set by the Bureau of Public Debt and will be available in November 2008
- National Settlement Service will increase settlement file fees to \$18 and offline settlement fees to \$40

Details regarding 2009 fees for can be found at [FRBservices.org/fedwire/index.html](http://FRBservices.org/fedwire/index.html).

### **FedCash® Services Provide Stability**

The Federal Reserve Banks remain committed to providing FedCash Services to all financial institutions.

FedCash Services are implementing a new technology platform that will provide a more consistent and efficient cash depositing and ordering experience. The standardization of service levels, operational efficiencies and the FedLine Web® access solution-based service deliveries are the strategic focus of FedCash Services heading into 2009.

The Uniform Cash Access Policy (UCAP) fee, which is now standardized at \$35 per deposit on orders above the basic level of free access, will not change in 2009. Additionally, the per bundle fee for cross shipping will remain stable at \$5. Details regarding 2009 pricing can be found at [FRBservices.org/fedcash/index.html](http://FRBservices.org/fedcash/index.html).

### **Additional Resources Providing More Detail**

The Federal Reserve Board of Governors' press release provides an overview of the national fee changes. It is available online at [FRBservices.org](http://FRBservices.org), along with the 2009 national fee schedules.

If you have any questions about 2009 fee changes and how they will affect your organization, please contact your account executive. The Federal Reserve Banks welcome your comments about how we can continue to deliver products and services that best meet your needs and foster efficiency in the payments system. We appreciate your business and look forward to continuing to build our relationship in 2009.

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