



November 4, 2009

## **Announcing 2010 Federal Reserve Financial Services Fees**

To All Federal Reserve Financial Services Customers:

Over the past several years, the Federal Reserve Banks, financial institutions and other industry partners have dramatically increased the efficiency of the payments processing industry by embracing electronic payments. To achieve this new electronic payments environment, payments participants have upgraded technology platforms and re-engineered business processes in an effort to reduce industry costs while delivering more robust and innovative payment services with increased functionality, providing long-lasting value to all industry participants.

The Federal Reserve Banks continue to invest in technology, introduce new service offerings and improve processes to support the migration to more efficient electronic payments processing and to maintain a safe and accessible payments system for all industry participants. We are in the final stages of completing the restructuring of our physical check infrastructure and have finished the multi-year conversion to the FedLine Direct<sup>®</sup> access solution. Having reached these milestones, we are looking forward to offering our customers more robust processing options, enhanced payments information services and expanded payment networks with electronic access solutions for financial institutions of all sizes.

The following information outlines the planned changes in Federal Reserve Financial Services fees for 2010, which take into consideration continued technology investments, changing customer demands across our service offerings, the ongoing adoption of efficient electronic payments processing alternatives and our continued efforts to provide resilient and secure payment services and access solutions. Fee changes will take effect January 4, 2010.

### **Check and Check 21-enabled Services**

Over the past five years, the Federal Reserve Banks have partnered with the industry to transition rapidly from a paper-based check services environment to an almost completely electronic check collection system. Throughout this transition, we realigned our infrastructure to keep pace with the reduction in paper check volumes resulting in a single, full-service, paper-check processing site at the Federal Reserve Bank of Cleveland.

With the addition of the FedReceipt<sup>®</sup> Plus for Returns Service, the Federal Reserve Banks now offer a complete end-to-end electronic platform for imageable items. Currently, over 95 percent of deposits and 75 percent of presentments are processed through Check 21-enabled Services, and 80 percent of our check adjustments are submitted via a FedLine<sup>®</sup> access solution.

The product and pricing strategy for 2010 recognizes the successful migration to Check 21-enabled Services with continued emphasis on discouraging paper deposits while encouraging electronic deposit and presentment. Price changes reflect the costs associated with handling and transporting the remaining paper items in the payments industry and the costs associated with premium value-added services. While select

per item fees are being increased, the continued migration to FedReceipt Services should result in as much as a 20 percent decline in the total cost of check clearing compared to 2009 for many financial institutions. (Individual customer fee reductions will vary based on transaction volumes, product mix and progress with overall Check 21 conversion.)

Key pricing and product changes for 2010 are listed below.

- Adoption of a single deadline and a single price tier for paper forward collection and return item services
- Replacing the non-imageable and non-machineable paper deposit options with exception items with carrier documents and exceptions items without carrier documents deposit options
- Elimination of the Check 21 Accelerated Paper Option
- Elimination of the electronic receiver discount for FedReceipt-only forward and return customers
- Implementation of a four-tier pricing structure for FedForward<sup>®</sup> and FedReturn<sup>®</sup> Services
- Increase in Check 21-enabled Services cash letter fees and select item fees for FedForward and FedReturn Services
- Reduction in the net fee for FedReceipt Plus Services

Details regarding 2010 fees for Check 21-enabled Services and paper check services can be found at [FRBservices.org/servicefees/check\\_services\\_2010.html](http://FRBservices.org/servicefees/check_services_2010.html).

### **FedACH<sup>®</sup> Services**

Over the past year, financial institutions of all sizes adopted FedACH Risk<sup>®</sup> Management and FedEDI<sup>®</sup> Plus Services. These value-added information services demonstrate the Federal Reserve Banks' commitment to responding to emerging customer needs and also the safety of the U.S. payments system. We will continue to provide innovative payment services that improve efficiency by enabling quick and easy access to payment-related information.

In 2010, the Federal Reserve Banks will introduce a new Same Day ACH Service. This intraday service will deliver increased flexibility and faster settlement of some ACH debit payments and is another example of the Federal Reserve's commitment to providing innovative services designed to help meet the needs of our customers and improve the efficiency of the payments system.

The Federal Reserve Banks are also committed to innovation in global electronic payments. Concurrent with the implementation of NACHA's IAT rule in September 2009, the Federal Reserve Banks introduced FedGlobal<sup>SM</sup> ACH Payments, the industry's only international ACH product suite. FedGlobal ACH Payments will enable payments to more than 30 countries by early 2010 and offers a range of foreign exchange and payment transfer options to help expand access to cross-border payments.

FedACH Services price changes for 2010 recognize the value of the FedACH network to our customers and support investments in expanding the global reach. Specific updates are listed below.

- Increase in addenda fees for origination and receipt transactions
- Increase in automated NOC fee
- Increase in monthly FedACH settlement and information file extract file fees
- Adjustments to the volume-based tiered pricing structure for receipt transactions
- Implementation of new minimum fees for both origination and receipt of FedACH transactions

Details regarding 2010 fees for FedACH Services can be found at [FRBservices.org/servicefees/fedach\\_services\\_2010.html](http://FRBservices.org/servicefees/fedach_services_2010.html).

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

The Fedwire Funds, Fedwire Securities and National Settlement Services provide real-time access to transfer and settlement services, via an electronic network with extensive resiliency and security features.

In November 2009, the Federal Reserve Banks plan to implement an enhanced message format for cover payments information for the Fedwire Funds Service. The new 2009 format was designed to address the growing need for increased transparency in international payments.

In late 2010, additional Fedwire Funds Service format changes will be introduced to support extended business remittance information and allow financial institutions to increase payments processing efficiencies and offer enhanced services to their corporate customers. These enhancements will also facilitate improved cover payments and better alignment to SWIFT.

The Federal Reserve Banks continue to modernize and enhance their large-value payments platform to help ensure resiliency and security and to meet emerging business needs. While the Federal Reserve Banks work to maintain the breadth and security of their large value payments network, fee increases in Fedwire Funds will be necessary in 2010. Individual customer fee increases will vary based on transaction volumes. No changes to prices in the Fedwire Securities Service or basic services in National Settlement are planned. The following changes will be made to the Fedwire Funds Service.

- Increase in the monthly participation fee
- Adjustments to the tiered pricing structure for online fees
- Increases to online transaction fees

Details regarding 2010 fees for Fedwire and National Settlements Services can be found at [FRBservices.org/servicefees/index.html](http://FRBservices.org/servicefees/index.html).

## **FedLine Customer Access Solutions**

We will begin 2010 with a contemporary infrastructure that has been completely adopted by our customers and includes enhancements to the FedLine Direct access solution, helping ensure a resilient and secure suite of access options via the FedLine Customer Access Services.

The FedLine suite of access solutions was designed to meet the payments processing and information needs of customers of all sizes by offering flexible and efficient access to payment and information services. Customers who are utilizing these services recognize the value in the efficiency, resiliency, robust information and enhanced security offered by our suite of contemporary access solutions. Our monthly fee structure continues to enable customers to customize the type of access needed for specific processing, monitoring and reporting tasks across organizations. Specific updates include the following:

- No price changes to fees for FedMail®, FedLine Web® or the FedLine Advantage® access solutions
- Increase in fees for the FedLine Direct and FedLine Command® access solutions
- Offering FedLine Direct<sup>2</sup>– Contingency Solution for FedACH

Additional enhancements to our service offerings include the new Accounting Totals by Service Area (ACTS) report and a new Correspondent/Respondent Report. The ACTS report will allow master account holders to receive summary totals for transactions that have been posted to their Federal Reserve Bank account at the master and subaccount levels and categorized by service area, via the FedLine Command and FedLine Direct access solutions. The new Correspondent/Respondent Report will be available via Account

Management Information (AMI), which will provide details on current respondent relationships listed in the Federal Reserve Bank's Accounting Information Services (AIS).

Details regarding 2010 fees for Access Solutions and Account Services can be found at [FRBservices.org/servicefees/index.html](http://FRBservices.org/servicefees/index.html).

### **FedCash® Services**

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

Over the next few years, we will continue to develop an enhanced technology platform for delivering FedCash Services that provides a more powerful and efficient cash depositing and ordering experience. The continued standardization of service levels and achievement of operational efficiencies, as well as the adoption of FedCash Services via the FedLine Web access solution, is the strategic focus of FedCash Services heading into 2010.

- Stable pricing for the Uniform Cash Access Policy (UCAP)
- Stable pricing for the \$5 per bundle fee for cross shipping

Details regarding 2010 fees for FedCash Services can be found at [FRBservices.org/servicefees/fedcash\\_services\\_2010.html](http://FRBservices.org/servicefees/fedcash_services_2010.html).

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

The Federal Reserve Board of Governors' press release provides an overview of the fee changes. It is available online at [FRBservices.org](http://FRBservices.org), along with the 2010 fee schedules.

If you have any questions about 2010 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 thank you for your business and look forward to our continued partnership in 2010, as we work together to transform the payments industry.

The Financial Services logo, "FedLine Direct," "FedReceipt," "FedLine," "FedForward," "FedReturn," "FedACH," "FedACH Risk," "FedEDI," "FedGlobal," "Fedwire," "FedMail," "FedLine Web," "FedLine Advantage," "FedLine Command" and "FedCash" are trademarks or service marks of the Federal Reserve Banks. A complete list of marks owned by the Federal Reserve Banks is available at [FRBservices.org](http://FRBservices.org).