



# FedForward<sup>®</sup>, FedReceipt<sup>®</sup> Plus, FedReturn<sup>®</sup> Case Study

# 1<sup>st</sup> Bank Sidney

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*"We wanted to get totally off the plane as quickly as possible. Implementing all these Check 21-enabled services nearly simultaneously allowed us to do just that."*

*—John Franklin, President/CEO  
1<sup>st</sup> Bank*

## Customer Profile

Founded in 1975, 1<sup>st</sup> Bank is a single location, \$59 million bank located in Sidney, Montana, a town of 5,000 located near the Montana/North Dakota border. Sidney is well-served by three banks, one credit union and several investment offices. 1<sup>st</sup> Bank is the only independent community bank in town and employs a staff of 17. 1<sup>st</sup> Bank successfully and efficiently implemented FedForward Image Cash Letter Deposit, FedReceipt Plus and FedReturn services in late July 2006.

## Business Challenge

"We were on the end of the airplane run for our items coming and going to Helena," explains John Franklin, 1<sup>st</sup> Bank's president and CEO. "As the institution furthest from Helena, we didn't want to be the last institution left on the courier route moving the checks. We decided to move quickly to Check 21-enabled services to avoid paying for that entire roundtrip flight as others along the way opted to move off the plane and onto electronic services, too." 1<sup>st</sup> Bank wanted to avoid incurring additional costs for moving paper checks across the vast Montana expanse, and in fact, recognized the opportunity to eliminate paying even the monthly transportation costs they incurred at that time.

In order to stay competitive with the Sidney offices of the national and regional banks in town, 1<sup>st</sup> Bank's management also was attentive to opportunities to keep its major accounts happy. Says Franklin, "If there was any way to improve the availability of large dollar items deposited with us, we wanted to provide that to our customers."

## Solution

On July 25, 2006, 1<sup>st</sup> Bank in Sidney began using FedForward service to essentially remove the necessity of flying paper checks to Helena. Instead, they began depositing image cash letters or ICLs. "But we wanted to get totally off that airplane," reminds Franklin. So a week later, they also implemented FedReceipt Plus and FedReturn services, thereby eliminating the need for both legs of the roundtrip flight to Helena and clearing everything electronically. "It didn't make any sense to move to Check 21-enabled services in stages. Not only did we avoid increased transit charges due to our distance from Helena, we cut them out altogether when we went live on FedReceipt Plus."

In anticipation of this change from a paper check world to an all-electronic one, what did 1<sup>st</sup> Bank do to prepare its customers? Absolutely nothing, would be Franklin's reply, even though the bank's customers had always received their checks back in their monthly statements. Dallas Rasmussen, 1<sup>st</sup> Bank's IT specialist, elaborates, "The month before we made the operational changes, we sent

## Case Study at a Glance

### Customer Profile

1<sup>st</sup> Bank in Sidney, Montana, is a \$59 million bank with one location and 17 employees. It is located on the Montana/North Dakota border.

### Business Challenge

Seeking to minimize its exposure to transportation costs due to its distance from the Helena Branch.

Desirous of proactively providing improved availability on large dollar items for major commercial accounts.

### Solution

Near simultaneous implementation of FedForward Image Cash Letter, FedReceipt Plus and FedReturn services.

### Benefits

- Eliminated more than \$500 per month in transportation costs associated with moving paper items.
- Freed up staff time for other tasks.
- Avoided necessity of replacing costly new proof machine.
- Provided a large commercial account with immediate availability on large dollar items.
- Positioned for the future of payments processing now rather than having to catch up later.

customers an image statement when we sent their checks back. Beginning the next month, we just sent the statement. Simple as that." No customer runoff has been reported. Only one account product was truncated before last July and no imaging had been done at all. "I'd do it the same way again," reports Franklin. "Before implementation, I talked to several bankers and they all advised us to avoid stages of implementation. It's much cleaner and simpler." Both retail and corporate account holders accepted the change with few questions.

1<sup>st</sup> Bank credits their relationship with their image software vendor, Summit Financial Solutions, Inc. for the expeditious implementation of all their Check 21-enabled services. "From our decision to move to an all-electronic check process, to the decision to keep the process in-house, to full implementation took a remarkably short period of time," states Franklin. "Everyone involved did more than we expected. Our staff should be credited with being open to change and they were rewarded with wonderful training and follow-up help."

### **Additional Benefits**

In addition to saving more than \$500 per month in transportation costs, 1<sup>st</sup> Bank's conversion to the Check 21 product suite helped them realize additional benefits.

### **Staff**

The time savings afforded to staff allow them to tend to tasks which were often set aside in the paper processing world. "They're just not so pushed for time," explains Franklin. "We can offer our staff more work/life balance when necessary."

### **Equipment**

The timing of 1<sup>st</sup> Bank's move to Check 21-enabled services prevented the need to purchase a new proof machine when their 10 year-old one needed to be replaced.

### **Keeping Customers Happy**

"These services help keep our bank competitive with the others in town," Franklin states. "We were pleased to be able to offer one of our largest commercial accounts immediate availability on their large dollar items."

### **Positioned for the Future**

"Check 21 is here for keeps," believes Franklin, "and I'd rather be on the front end than the back end. This is even truer as the Helena Branch restructures its processing to Denver." Rasmussen agrees, "But the real advantages and efficiencies can only be fully realized when you implement the FedReceipt service. I'd suggest that any financial institutions looking at electronic check services look at the entire Check 21 product suite to make the most of this opportunity in changing the way they process payments."

### **For More Information**

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*"The advantages  
and efficiencies  
afforded by  
Check 21 can only  
be fully realized  
when your  
organization  
implements  
FedReceipt as well  
as the other  
services,"*

*Dallas Rasmussen, IT Specialist  
1st Bank*

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