



FedForward® Services Case Study

State Street

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"We worked closely with the Federal Reserve and Fiserv. The implementation was very smooth."

"FedForward brought immediate value to our check clearing operation."

*—Suzanne Sobol Case, Vice President
State Street*

Customer Profile

State Street is a Boston-based commercial bank and one of the nation's largest providers of financial services to mutual fund and other institutional investors. With \$10.7 trillion in assets under custody and \$1.5 trillion under management, State Street differs from most FedForward service customers in that it's had no retail business since it sold its retail and commercial banking services in 1999. State Street was an early adopter of check imaging and has relied on Fiserv—a Brookfield, Wisconsin-based financial services provider—for its imaging needs since 1995.

Business Challenge

The need to move to Check 21 became obvious to State Street when the Federal Reserve Bank moved Boston check processing to Windsor Locks. "We were relying on a courier service to transport our paper checks to the Windsor Locks processing center in Connecticut—two hours away," explained Suzanne Sobol Case, State Street's vice president of Payment and Cash Management Services.

State Street was also looking for ways to control costs and meet some of their internal needs. Staff desired more operational efficiency, and customers wanted faster access to their money and information.

Solution

For State Street and its customers, Check 21 provided the opportunity to minimize its vulnerability to physical transportation risks—bad weather, natural disasters, and increasing transportation expense—and offered time- and cost-saving benefits.

Working closely with the Federal Reserve Bank of Boston and Fiserv, State Street successfully tested and implemented the FedForward service in early 2006.

Benefits

A clear benefit for State Street was reduced dependence on physical transportation, with all of its costs, limitations and uncertainties. "Once FedForward was implemented, we no longer had to rely on a courier service," Sobol Case reflected.

With the FedForward service, customers can deposit Image Cash Letters (ICLs) electronically instead of physically transporting their paper items for deposit, allowing them to meet some of the earlier ICL deposit deadlines. The earlier deposit deadlines, in combination with the Federal Reserve's electronic clearing capabilities, in turn allow many of the items to be presented to paying banks a day earlier.

Case Study at a Glance

Customer Profile

State Street in Boston, Massachusetts, has \$10.7 trillion in assets under custody and \$1.5 trillion under management. State Street's operations span 26 countries and more than 100 geographic markets with more than 21,000 employees worldwide.

Business Challenge

Seeking to eliminate reliance on courier service. Also looking to minimize risks and costs associated with transporting physical items.

Desiring operational efficiency and accelerated funds availability.

Solution

Implementation of FedForward Image Cash Letter with implementation of the FedReceipt Plus service to follow.

Benefits

- Eliminated reliance on couriers and reduced related transportation costs and risks associated with moving paper items.
- Improved funds availability, which provided a competitive advantage.
- Reduced number of adjustments.

With the deposit of image cash letters, funds availability quickly improved for State Street, "A benefit we were happy to pass along to our customers as a competitive advantage."

A surprising aspect of FedForward, according to Sobol Case, was the low number of exceptions—the number of adjustments quickly declined.

To gain even more Check 21 efficiencies, State Street is now moving to implement FedReceipt Plus services. They again plan to involve Fiserv in the testing process to ensure another smooth implementation.

For More Information

For more information about Federal Reserve products and services, contact your Account Executive or visit our Web site at www.frbservices.org

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